INDUSTRIAL DEVELOPMENT CORPORATION

OF SOUTH AFRICA LTD

Corporate Plan

2024/25 - 2026/27

OFFICIAL SIGN-OFF

FOREWORD BY THE MINISTER

The 2024/25 Corporate Plan of the Industrial Development Corporation (IDC) reflects the important role which the IDC plays as a driver of industrial development in the economy; and further reflects the continued efforts of the **dtic** Group to align our financing and industrial activities around a common purpose – one grounded in efforts to support **Industrialisation** for the promotion of jobs and rising incomes; drive **Transformation** in pursuit of an inclusive economy; and build a **Capable State** to ensure improved impact of public policies.

For the 2024/25 financial year, the **dtic** has developed a set of 45 output targets, which drive not only the work of the **dtic** but each of the entities over which it has responsibility, including the IDC. These output targets include supporting **1 million jobs**; mobilising **R350 billion in investment**; supporting **R900 billion in manufacturing exports**; helping **Black Industrialists to create 160,000 jobs and deliver R200 billion in output**; and facilitating the addition of **550 Megawatts of energy** available for the national grid. A table of these 45 targets have been included in the IDC Corporate Plan as Annexure L on page 81.

Whilst the IDC has taken the **dtic** group targets into account in developing its own Performance Indicators detailed in Section 5 of the Corporate Plan, I have requested the IDC to strive to support the rest of the **dtic** family in the development of additional programmes of action and funding which can further deliver on the 45 **dtic** family output targets.

The Corporate Plan 2024/25 is hereby submitted in accordance with the Revised Framework on Strategic and Annual Performance Plans.

EBRAHIM PATEL

MINISTER OF TRADE, INDUSTRY AND COMPETITION

Signature: ....

Date: 28 March 2024

Annex

Output targets within the dtic-group of public entities.

2024/25 APP Functional focus of outputs

Section: 12.1 Functional focus of outputs

Additional outputs (programmatic, enabling or responsive to immediate needs) have been included in the APP. The following tables indicate the functional focus of these outputs. Output numbering refers to the classification in the consolidated table, found in the APP. Pillar numbering refers to the section in dealing with the aims of industrial policy. Outcome numbers refer to: Industrialisation (1), Transformation (2) and Capable State (3) though it should be seen as indicative, as one Output intended to cover a single Outcome can and does have positive spillover-effects on the other Outcomes.

Number	Output	Pillar	Outcome
Output 1	**R350 billion** in investment pledges secured across the state	4	1
Output 23	**100** Investor facilitation and unblocking interventions provided	4	1
Output 17	**1** new SEZs application considered for designation	4	1,2

12.1.2 Industrial production

Number	Output	Pillar	Outcome
Output 2	**R60 Billion** in additional local output committed or achieved	2	1
Output 11	**R 200 Billion** in black industrialist output achieved	1	1,2

12.1.3 Exports

Number	Output	Pillar	Outcome
Output 3	**R900 Billion** in manufacturing exports	3	1
Output 4	**R400 Billion** in manufacturing exports to other African countries	3	1,2
Output 5	**R9 Billion** in exports of Global Business Services (GBS)	3	1
Output 27	**20** Successful Export Interventions to support the implementation of the AFCFTA	3	1
Output 28	**10** High impact trade interventions completed	3	1,3
Output 41	**5** Finalisation of legal instruments under the AfCFTA (Tariff offers, Schedule of Commitments, Rules of Origin, Protocols and Annexes to protocols)	3	3

12.1.4 Industrial support

Number	Output	Pillar	Outcome
Output 6	**R32 Billion** in support programmes administered by or in partnership with **the dtic**-group	1	1,2,3
Output 7	**R15 Billion** support programmes to enterprises in areas outside the 5* main metros	1	1,2
Output 8	**R8 Billion** in financial support programmes and procurement contracts approved to SMMES, women and youth- empowered businesses	1	1

Number	Output	Pillar	Outcome
Output 9	**R 8 Billion** in financial support programmes to enterprises in labour absorbing sectors	1, 6	1
Output 43	**1** Operationalization of an Adjudication process for incentive applications	1	1, 3

12.1.5 Transformation

Number	Output	Pillar	Outcome
Output 10	**R 900 Million** in Equity Equivalent Investment Programme agreements	1	1,2
Output 15	**20 000** additional workers with shares in their companies	1	1
Output 16	**10** High-impact outcomes on addressing market concentration through the implementation of market inquiry outcomes	1	1,2

12.1.6 Jobs

Number	Output	Pillar	Outcome
Output 12	**1 Million** jobs supported or covered by **the dtic** group and/ or master plans	6	2
Output 13	**100 000** jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)	6	1,2
Output 14	**160 000** jobs in Black Industrialists firms retained	1, 6	1,2

12.1.7 Energy

Number	Output	Pillar	Outcome
Output 18	**R 1 Billion** Support to enterprises including SMMEs to mitigate impact of load shedding by IDC and NEF	5	1,2
Output 19	**1500 Megawatts** of energy from projects facilitated	5	1,3
Output 20	**550 Megawatts** of energy available for the grid	5	1,3
Output 21	**3** Projects successfully managed through the Energy One-Stop Shop	5	3
Output 22	**2** Expedited regulatory amendments and flexibility, to promote energy efficiency	5	1,2,3

12.1.8 Green economy targets

Number	Output	Pillar	Outcome
Output 29	**4** Interventions to respond to green trade barriers	5	1
Output 30	**1 EV** white paper implementation	5	1
Output 31	**1** Green hydrogen commercialisation framework implementation	5	1

12.1.9 Stakeholder engagement and impacts

Number	Output	Pillar	Outcome
Output 25	**9** Business Forums hosted aimed at supporting increased FDI, exports and outward investment hosted	1	1,2,3

Number	Output	Pillar	Outcome
Output 32	**1000 Case studies** of firms, workers, entrepreneurs, professionals or communities' impacted by **the dtic** measures; including 12 local films/documentaries telling the SA story	1	1
Output 33	**Community outreach** programmes by **the dtic** group in **10** districts	1	1,2,3
Output 37	**2** Conferences, summits, and international forums hosted	1	1,2,3
Output 45	**10** Successful actions completed on price monitoring and excessive pricing or price gouging or price restraint	1	1,2,3

12.1.10 Addressing crime

Number	Output	Pillar	Outcome
Output 24	Grey-listing: **2** Implementation of remedial actions by CIPC of the Financial Action Task Force (FATF) requirements to meet immediate outcome 5 (IO5) in South Africa's Action Plan	1	3
Output 42	**1** Metal trading system implemented	1,5	1,2,3

12.1.11 Red tape and state capability targets

Number	Output	Pillar	Outcome
Output 39	**9** Impact evaluations of **dtic** programme or sub-programmes	All	3
Output 40	**5** High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies		
Output 44	**6** Impact assessments or enhancements of trade instruments or measures	2,3	1,2,3

12.1.12 Improving the capacity and responsiveness of the state and social partnership

Number	Output	Pillar	Outcome
Output 26	**4** Pieces of priority legislation amended, tabled or submitted to Executive Authority, Cabinet or Parliament	All	1,2,3
Output 34	**8** Master Plans managed	All	1,2,3
Output 35	Oversight of IDC, NEF and ECIC to ensure that at least **96%** of planned KPIs are achieved	All	1,2,3
Output 36	**3** Projects to assist industrial innovation and support firms	All	1,2,3
Output 38	**50** Mergers and acquisitions where public interest conditions have been incorporated	All	1,2

BOARD CHAIRPERSON AND CHIEF EXECUTIVE OFFICER STATEMENT

This Corporate Plan, for the period 2024/25 – 2026/27, was prepared by the management of the Industrial Development Corporation and approved by the Board for submission to the Shareholder on 29 February 2024.

The IDC remains committed to fulfilling its industrial development mandate and meeting shareholder expectations by supporting the development of new opportunities in targeted industrial value chains to grow industries and create jobs and playing a critical role to keep companies in business and to save jobs by providing funding to companies affected by the challenging economic climate. The IDC heeds the call to do more and acknowledges the integral counter-cyclical role it needs to play, in making a material difference in the economic development of South Africa over the planning period.

The Corporation's long-term strategy for 2024/25 onwards is not deviating significantly from the previous years, however, the challenging operating environment in which the organisation operates in necessitates some new initiatives and prioritisation of existing initiatives to ensure that the Corporation delivers effectively on its mandate. The IDC will continue to drive jobs rich industrialisation in its priority sectors and value chains and augment job creation opportunities by shifting towards more labour-absorbing value chains such as agro-processing and agriculture, automotive, downstream chemicals, and tradeable services (including tourism). One of the enhancements to the strategy includes initiatives for the IDC to prioritise sectors and value chains where it aims to be proactive so that it can focus resources and increase its impact through deeper interventions – these value chains include, critical minerals, new energy vehicles, energy storage, and green manufacturing, with greater localisation and beneficiation as part of this strategy.

In response to the energy supply challenges, the Corporation will continue to prioritise support for affected industries, champion initiatives to enable the Just Energy Transition and pursue other initiatives aimed at greening the South African economy. To support the alleviation of bottlenecks in infrastructure, the Corporation will invest selectively, in strategic economy wide, large-scale interventions that unlock industrial development (e.g. electricity, water, telecommunications and logistics).

The IDC will continue to integrate the transformation agenda into its industrial development activities to bring about an inclusive economy, funding black industrialists, women and youth owned enterprises. The Corporation will also contribute to, and implement measures to promote greater spatial equity, including the development of township economies and rural areas, to enhance economic development in less developed areas of the country.

The plan advocates for a more deliberate focus on project pipeline development, developing opportunities in the rest of Africa (i.e. leveraging AfCFTA) and ensuring the sustainability of key subsidiaries. The IDC also needs to ensure its long-term sustainability through prudent financial, risk and human resource management whilst safeguarding the natural environment.

The IDC journey ahead remains ambitious and bold, focused on value chains that exhibit the highest potential for industrial development and economic inclusion; and an IDC that is sustainable over the long-term. The Corporation will execute this Plan with the support of our Shareholder Representative and other important stakeholders including our clients, funders, and stakeholders.

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MR DAVID JARVIS
INTERIM CHIEF EXECUTIVE OFFICER – IDC

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MS BUSISIWE MABUZA
BOARD CHAIRPERSON – IDC

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Executive Summary and Corporate Identity

EXECUTIVE SUMMARY

The purpose of this Corporate Plan is to outline the IDC's strategic focus and direction for the period 2024/25 to 2026/27, in line with the requirements of the Public Finance Management Act (PFMA) No. 1 of 1999. The IDC's priorities are aligned with government's policy direction and the Corporation remains committed to developing and diversifying South Africa's industrial capacity, to support economic transformation, in the process facilitating sustainable job creation, and reducing inequality.

In the last three years, the Corporation embarked on the LTSP (Long Term Sustainability Plan), a strategy to strengthen the IDC's twin pillars of financial sustainability and development effectiveness, increase efficiencies in the Corporations value chain of deal origination, development and execution while also addressing enablers such as developing smart partnerships and enhancing its human capital. This strategy has translated into R41.6 billion approved to ca. 431 entrepreneurs over the past three years impacting on over 73 000 employment opportunities, R8.7 billion in funding support to Black Industrialists, and overall R15 billion support to black-empowered and -owned companies. Implementing the LTSP remains core to this Corporate Plan, however, the Corporation needs to respond to the current economic environment by positioning itself at the centre of proactive industrial development and playing a greater counter – cyclical role.

Economic Outlook Snapshot

- Global economies are showing a mixed performance - The US and Chinese economies recorded stronger than expected growth in 2023, while the Eurozone and UK reported a substantial slowdown. World economic growth of 3.1% is forecast for 2024, increasing moderately to 3.2% in 2025.
- The size of the South African economy (in real terms) is only marginally bigger than pre-pandemic levels, with GDP having expanded by a modest 0.6% in 2023.
- South Africa's economy is facing ongoing challenges: the manufacturing and mining value chains are struggling to raise output on a sustained basis, merchandise exports (especially mining) are under pressure, public finances have worsened substantially, households are facing a very difficult environment, while fixed investment remains sub-optimal.
- Structural challenges such as persistent electricity load shedding, difficulties on the rail network, as well as inefficiencies at ports/harbours, are also hampering the growth performance.
- South Africa's growth prospects are anticipated to remain subdued in the short- to medium-term. In 2024, the economy is projected to grow at 0.8 %, edging slightly higher to 1.3% in 2025 (IDC forecasts).
- Unemployment remains high at 32.1% in Q4 2023.

Implications for IDC

IDC has seen an increase in the number of struggling clients, increased impairments and lower job numbers as clients' requirements shift away from expansionary activity. These challenges however provide opportunities for the IDC to accelerate industry and project development in new value chains such as critical minerals, new energy vehicles, energy storage, and green manufacturing. The IDC has recommitted itself to increase industrial development and contribute to the revival of the manufacturing value chain that remains at the core of its mandate.

2024/25 to 2026/27 Corporate Plan Key Thrusts

IDC plans to disburse R66,4 billion over the next three years (R115,8bn over five years). Over the next three years, this should result in 129 976 jobs being created or saved. IDC is targeting to facilitate investment of R25,9 billion over the next three years towards companies owned and managed by Black Industrialists. It is envisaged that over the next three years, black- owned companies will benefit from R41,0 billion in investment facilitated with women-entrepreneurs receiving R11,9 billion and youth entrepreneurs R5,1 billion.

A summary of the 2024/25 key focus areas and principal targets is shown below:

Key Focus Areas

1. Deepen industrial impact through quality investments.
2. Protect existing sustainable & critical industrial capacity.
3. Catalyse new industrial growth opportunities.
4. Support Network Industries.
5. Improve the performance of IDC subsidiaries and investments.
6. Drive operational efficiencies & effectiveness.

Funding Approvals

- **Targeting approvals of R82,2 billion over the next three years with baseline approvals of R71 billion.**
- **R6,4 billion alloacted towards the manufucturing sector in 2024/25.**
- **R3,5 billion allocated towards infrastructure in 2024/25.**
- **R3,5 billion towards energy sector projects in 2024/25**
- **R2,7 billion allocated towards projects in agriculture and agro processing in 2024/25.**

Development Impact

- **Targeting R21,4 billion disbursements (IDC own funding) for 2024/25 (R66,1 billion by 2026/27).**
- **Jobs from IDC regularly committed funds are 34,023, while jobs from grant-related funding are 8,045.**
- **R7,4 billion funding targeted for black industrialists in 2024/25 (R25,9 billion by 2026/27).**
- **R5,0 billion funding to be approved for youth and women empowered businesses in 2024/25 (R17,0 billion by 2026/27).**

1 CORPORATE IDENTITY

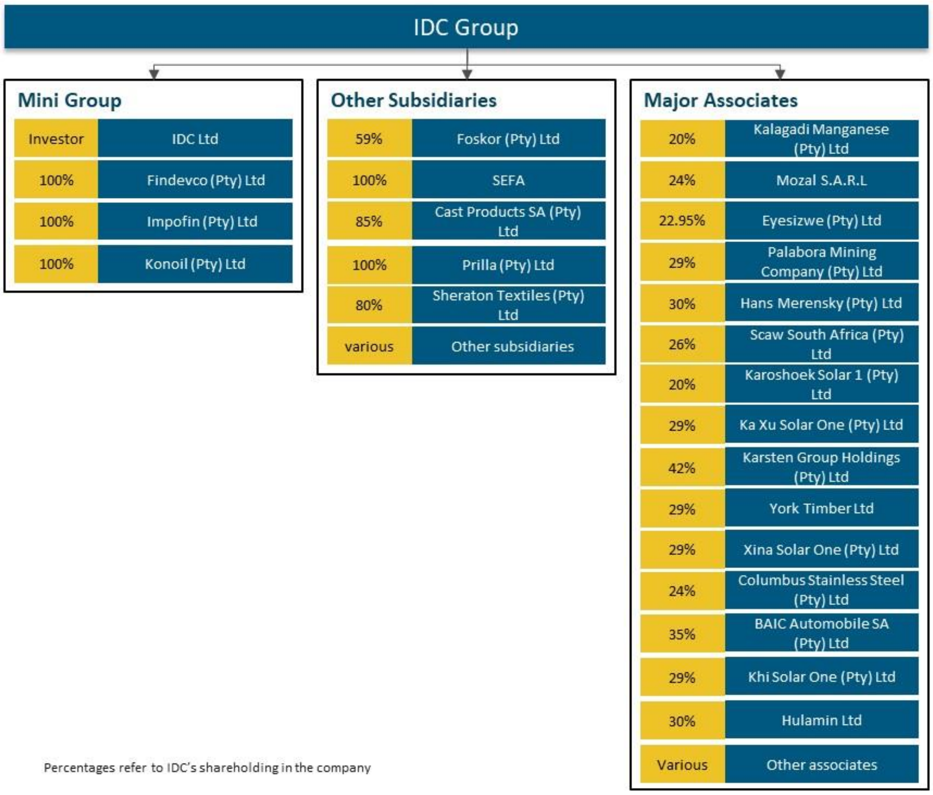
Purpose	Values
To drive an ambitious programme of inclusive and sustainable employment-creating industrialisation in South Africa and the region	**Passion** **Partnership** **Professionalism**

CUSTOMER VALUE PROPOSITION

The IDC combines **industry insights and partnerships** to provide **customised, value-adding funding and advisory solutions**, enabling **innovative entrepreneurship** that advances **inclusive industrial development**.

The Industrial Development Corporation (IDC) of South Africa Limited was established in 1940 through an Act of Parliament (Industrial Development Corporation Act, No. 22 of 1940) and is fully owned by the South African Government. The IDC's priorities are aligned with the national policy direction as set out in the National Development Plan (NDP), industry Master Plans, and other relevant policies. The Corporation's mandate includes proactively maximising its development impact through driving an ambitious programme of inclusive and sustainable employment-creating industrialisation in South Africa and the region. At the same time, the IDC needs to ensure its long-term sustainability through prudent financial and human capital management, whilst safeguarding the natural environment and positioning itself as a forerunner in development finance in South Africa and the continent.

1.1 Group Structure



**GMSA removed as subsidiary following sell down*

Figure 1: IDC Group Structure

IDC creates its value by funding entities that play a significant role in a range of productive value chains of the economy, resulting in majority and/or significant shareholding in some of these entities. Figure 1 shows the IDC Group structure in so far as its operational subsidiaries[1] and major associates[2]. Listed in Figure 1 are material subsidiaries and associates in which IDC had an exposure of more than R500 million as at 31 March 2023.

Section 3.4 on page 28 contains an overview of the material subsidiaries.

1.2 Business Activities

The organisation's key focus is on driving an ambitious programme of inclusive and sustainable employment-creating industrialisation in South African and the region. Our activities correspond to the key activities of a development finance institution, namely: developing and supporting pioneering projects; providing customised finance and investment solutions; partnering with others to extend IDC's reach, capital, and impact; and providing non-financial support to entrepreneurs and selected state programmes. IDC prioritises labour-intensive industrialisation whether created directly through its funding of companies or through the unlocking of downstream activities.

Through the businesses that we support, we drive key development outcomes. Ultimately, these outcomes aim to drive equitable economic growth to create and sustain jobs. In turn, achievement of these outcomes are key economic development policies and strategies. For the IDC and other dtic entities, alignment with

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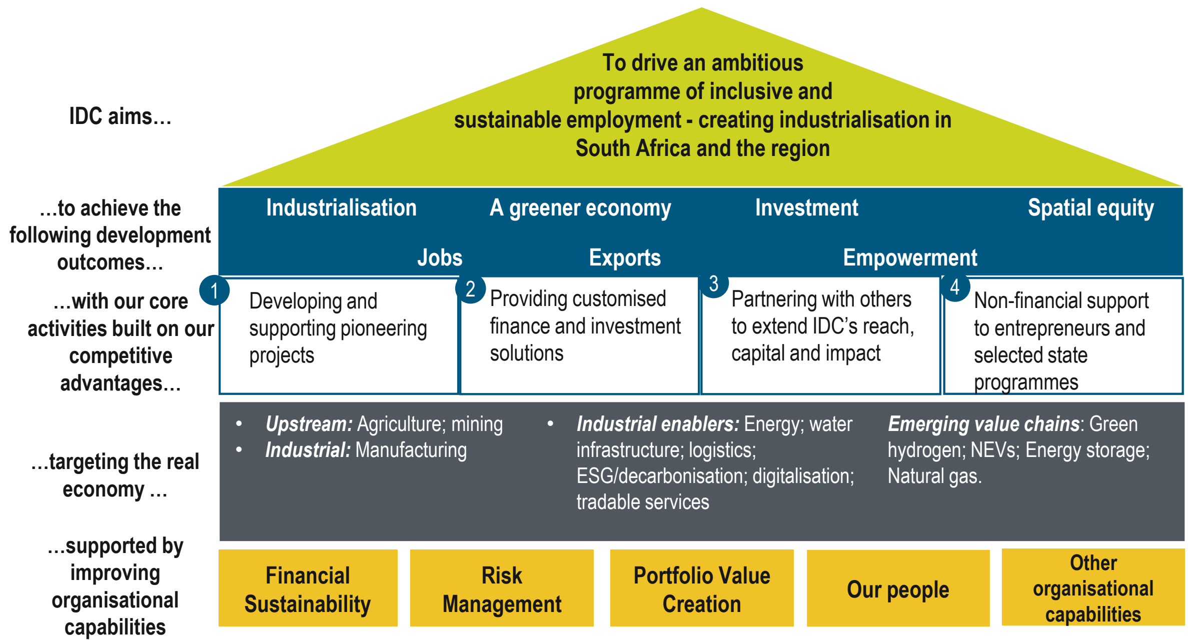
[1] Subsidiaries are companies over which IDC exercises control. This would typically mean more than 50% shareholding.
[2] Associates are companies over which IDC has significant influence. These are typically companies in which IDC holds between 20% and 50% shareholding.

these policies and strategies is achieved through contribution to the 45 outcomes, which are a set of revised outcomes developed by the dtic to ensure closer alignment with the dtic KPI's. These 45 outputs include, supporting 1 million jobs, mobilising R200 billion in investment, supporting R700 billion in manufacturing exports, and helping Black Industrialists to create 20,000 jobs and R36.8 billion in output.

IDC's emphasis is on providing seamless access to finance and customised products and offering support through a differentiated approach to mandated business segments. The Corporation continues to enhance its offerings to emphasise development activities that go beyond funding activities. These include the development of enabling environments, business support and capacity building as well as developing new capabilities such as syndication and lead arranging to facilitate greater leveraging of IDC's balance sheet.

Figure 2: IDC's business and funding activities.

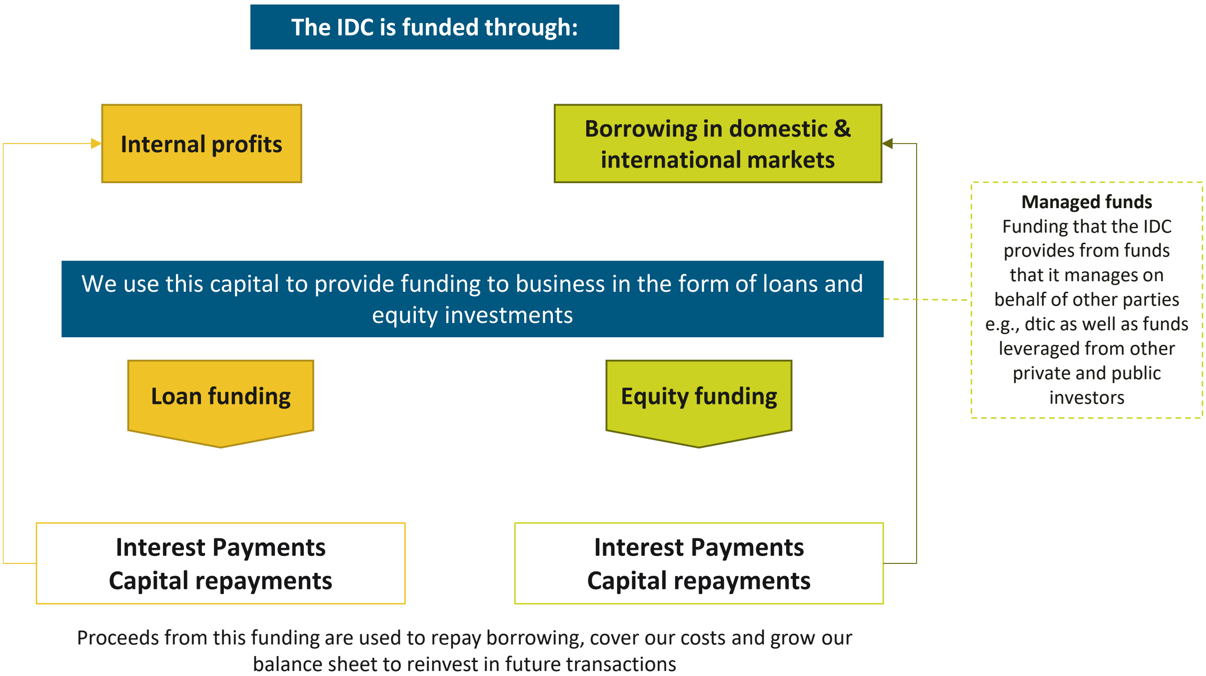


1.3 Funding Model

The IDC finances the bulk of its activities through borrowings on the domestic and international markets, divesting from mature equity investments, and profits generated from its lending and investment activities. The funds are used to provide loans and invest in businesses that support the country's development objectives. Interest and capital payments from loans provided, and dividends and capital realisations from equity investments are used to cover our costs and grow our balance sheet which in turn leverages our capacity to fund future development activities.

On the strength of the IDC's enhanced Programme Management capability, it has been made preferred partner in the management of grant funds and other targeted interventions in partnership with government and other international grant funders. The IDC is also increasingly sourcing funds from other local and international partners, including government, to co-invest with IDC in projects that target specific industrial and development outcomes. The Corporation will also prioritise sourcing of funds targeted towards sustainability objectives in line with its green growth strategy.

Figure 3: IDC's funding model



Strategic Context

2 OPERATING ENVIRONMENT

2.1 External Environment

Economic analysis

South Africa's economy finds itself in a rather precarious state, with several adverse global and domestic developments affecting its performance. On the global front, subdued rates of economic growth in key markets for South African exports, a challenging global trading environment, softer commodity prices and ongoing geopolitical tensions, among others, are at play.

Domestically, subdued spending, production and fixed investment activity in an environment characterised by severe structural impediments to growth (e.g. electricity supply, transport and logistics), weak demand, yet high inflation and multi-year high interest rates, a deceleration in private sector credit demand, excessive levels of unemployment, increased poverty, social unrest and operational constraints on various critical fronts underlie the very low confidence among consumers and businesses, and uncertainty prevailing in the economy.

Households are facing increasingly difficult circumstances, with high living costs, rising debt-service payments and limited appetite for new credit all affecting their ability and willingness to raise consumption expenditure. Even though overall consumer price inflation has fallen back into the target band since June 2023, key items in the consumer basket such as food and energy prices remain at elevated levels, adding pressure on disposable incomes of households. A steep rising trend in interest rates over the past two years, with the prime lending rate currently at 11.75%, has resulted in increased interest payments and costlier capital. Low consumer sentiment at present is indicative of the dire state of household balance sheets, especially for low- to middle-income earners. Moreover, weak consumption expenditure is reflected in the level of retail trade sales (in real terms) remaining well below the long-term pre-covid trendline as households are being forced to cut-back on non-essential consumer items.

Fixed investment spending has been on a gradual recovery path over the past year, albeit off a very low base. However, a challenging economic environment, including weak domestic demand, infrastructure-related constraints and surplus production capacity in many industries are still affecting private sector investment decisions. Moreover, financial constraints continue to limit much needed public sector infrastructure investment, with insufficient capital outlays being a major economic risk. Subdued investment activity cannot support significantly faster rates of economic growth on a sustained basis, while inadequate electricity supply, along with transport and logistics bottlenecks remain major deterrents to capital expenditure and ultimately the economy's growth performance.

South Africa's export performance was under severe pressure during 2023, with merchandise exports having expanded by just 1.5% (year-on-year) in nominal value terms. Although exports of manufactured goods and agricultural products recorded relatively strong growth, considering difficult global trading conditions, mining and mineral exports have declined by 10.3% in 2023. Lower commodity prices, especially in the case of coal, along with weaker global demand have seen a sharp drop in export values for coal (-37.2%) and platinum group metals (PGMs) at -27.6%. In turn, other commodity exports such as gold, iron ore, chrome and copper have all recoded higher exports (in nominal values) during the course of 2023.

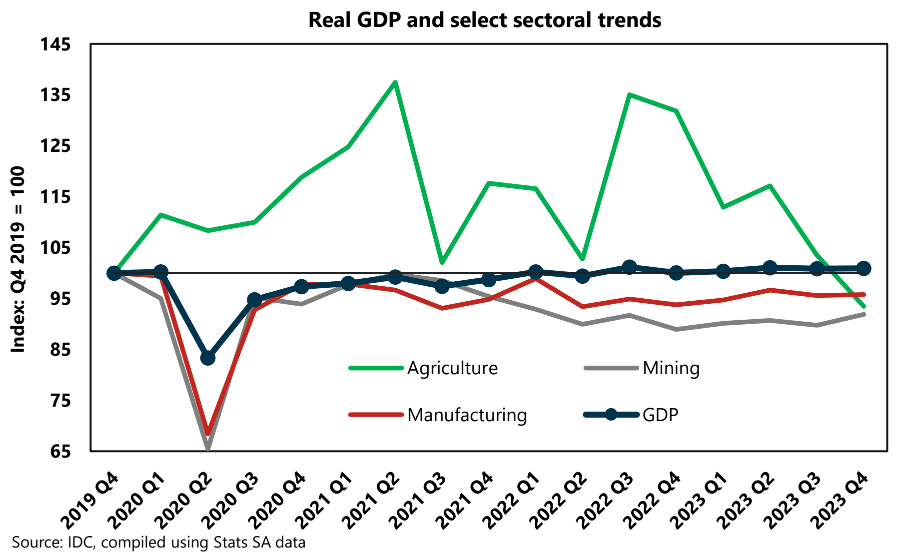
Despite weak domestic demand, merchandise imports increased by 8.7% in nominal value (year-on-year) in 2023, with motor vehicles and parts, machinery and equipment, beverages and rubber products having recorded sharply higher import values. South Africa is increasingly relying on imports to meet domestic demand, with import penetration rising. This is partly a reflection of continuous loss of competitiveness in various domestic industries as well as local consumers opting for cheaper alternatives. Not only does a higher import reliance have balance of payments implications, but it is replacing domestic production capabilities and subsequently resulting in job losses.

South Africa's trade surplus narrowed substantially to R65.5 billion in 2023, compared to a much large surplus of R192.5 billion in 2022. Hence, the overall current account of the balance of payments recorded a deficit-to-GDP ratio of -1.6% in 2023.

However, on the employment side there has been a steady up-tick in employment creation, with roughly 2.6 million additional job opportunities having been created since Q2 2020, thanks to the gradual economic recovery. All the pandemic-induced job losses have now been recovered, with overall employment levels marginally above those recorded prior to Covid-19 (i.e. Q4 2019). However, the unemployment rate remains excessive at 32.1% as recorded in Q4 2023, and more worryingly is the fact that a further 1.2 million people joined the pool of unemployed since the beginning of 2020.

Key sectors of the South African economy are facing ongoing challenges, with manufacturing and mining still finding it difficult to raise output on a sustained basis. Services-oriented sectors, in general, have been more resilient under the challenging operating and trading conditions.

Figure 1: A gradual economic recovery, with key sectors still under pressure



Source: IDC, compiled using Stats SA data

Even though manufacturing production has recovered since the start of 2023, with its real GDP having expanded by a mere 0.5% in 2023, overall output remains below pre-pandemic levels. Moreover, several sub-sectors are struggling to raise output as operating conditions remain difficult on the back of weak demand, structural impediments to growth and rising input costs. Furthermore, the relative share claimed by manufacturing in national GDP has fallen steeply over time, measuring only 12.6% in Q3 2023, compared to 21.8% at the beginning of 1993. Manufacturers remain dissatisfied with the current economic environment and poor growth prospects, while low sentiment is reflective of difficult business conditions.

The mining sector has been particularly hard hit by electricity supply interruptions, inadequate operational capacity and efficiency challenges in the rail network, bottlenecks at ports, industrial action and a lack of investment in the sector. Softer commodity prices are being reflected in much lower overall sales values, whereas mining output is around historical lows if the Covid-crisis period is excluded. In general, mining activity is likely to remain subdued over the short- to medium-term, not only due to ongoing domestic challenges, but also the unfavourable global economic environment, with China's economic recovery not as strong as initially anticipated.

Although the agricultural sector has been quite resilient over the past few years, its real GDP having declined by 12.2% 2023, primarily driven by weaker production of field crops (e.g. maize, soybeans) and livestock. Ongoing policy uncertainty is impacting confidence among the broader agri-businesses sector, as well as affecting fixed investment activity. South Africa's agricultural sector should, however, brace itself for the possibility of the adverse effects associated with the *El Niño* phenomenon as this typically results in dryer weather conditions.

The domestic tourism industry demonstrated remarkable resilience and the ability to adapt rather quickly to the changing environment, with a much better than anticipated performance since covid-related restrictions were eased. Business confidence in the hotels and restaurant industry bounced back strongly from the record lows recorded during the covid pandemic. However, a difficult economic and consumer climate, both globally and domestically, is likely to negatively affect its short-term prospects. Combating crime and facilitating visa requirements would play an important role in attracting flow of tourists into South Africa in larger numbers, while also assisting in raising investment levels.

Economic projections

South Africa's economy is facing numerous challenges on several fronts, which are impacting its growth prospects over the short- to medium-term. Real GDP is projected to expand by a modest 0.8% in 2024 and rising to 1.3% in 2025. To achieve much faster rates of economic growth on a sustained basis, South Africa needs sustained industrial development, significantly higher infrastructure investment, appropriate maintenance thereof as well as substantial efficiency improvements to provide a more enabling economic environment and business friendly operating conditions.

Household consumption expenditure will be impacted by yet high living costs, high interest rates, stretched balance sheets, limited access to credit, excessive levels of unemployment and low sentiment. Growth in consumer spending is projected at 0.9% in 2024, but gaining some momentum in outer years of the forecasts horizon as inflation moderates and interest rates are gradually lowered. Consumers will most likely cut back on non-essentials such as durable goods (e.g. motor vehicles; furniture) and semi-durable items (e.g. clothing; household textiles; entertainment goods) in the short-term, as many lower- to middle-income earners are facing severe financial difficulty.

Fixed investment expenditure expanded by a further 4.2% in 2023, following a robust 4.8% increase in 2022, albeit off a very low base, considering several years of contraction. Nonetheless, various factors are still likely to constrain much needed fixed investment spending in the short-term, particularly infrastructure-related impediments such as electricity supply, rail transportation and port services, surplus production capacity, weak demand, limited need for investments in new and/or the expansion of production capacity in many sectors, as well as the slow implementation of critical policies for a well-functioning economy. However, as government is committed to improve investment in critical infrastructure, this will assist in alleviating the pressures on the economy's performance. Private sector capital expenditure is projected to increase at a faster pace over the medium-term, thereby creating a solid base for a gradual up-tick in economic growth.

Furthermore, over the medium- to longer term, critical structural reforms and infrastructure development plans will provide ample investment opportunities in many segments of the domestic economy, including the roll-out of renewable energy infrastructure, the unbundling of Eskom, as well as the opportunities for private sector participation in some of Transnet's operations. In addition, several investment opportunities should be pursued in sectors such as agriculture and agro-processing, mineral value chains for a greener economy (e.g. lithium, nickel, cobalt to battery value chain), new energy vehicles (NEV's), the green hydrogen-economy, the digital economy, diversified manufacturing, as well as in value-chain opportunities linked to regional integration.

Projections for key performance indicators of the South African economy

Variable (% change or % of GDP)	2018	2019	2020	2021	2022	2023	2024f	2025f	2026f	2027f	2028f
Real GDP growth and its components:											
Household consumption expenditure	3.2	1.3	-6.1	5.8	2.5	0.7	0.9	1.7	2.2	2.5	2.8
Government consumption expenditure	1.1	1.8	0.9	0.5	1.0	2.1	1.4	0.6	0.7	1.1	1.0
Gross fixed capital formation (GFCF)	-1.2	-1.7	-14.6	0.6	4.8	4.2	2.3	3.1	4.0	3.5	2.9
Exports	2.7	-3.3	-12.0	9.1	7.4	3.5	2.8	2.5	3.1	3.8	2.8
Imports	3.5	0.6	-17.6	9.6	14.9	4.1	3.5	4.0	4.4	3.7	3.3
GDP	**1.6**	**0.3**	**-6.0**	**4.7**	**1.9**	**0.6**	**0.8**	**1.3**	**1.8**	**2.4**	**2.2**
Consumer price inflation	4.6	4.1	3.3	4.6	6.9	5.9	5.1	4.7	4.5	4.6	4.6
Current account balance (% of GDP)	-2.9	-2.6	1.9	3.7	-0.5	-1.6	-2.2	-2.9	-3.5	-3.4	-3.5
GFCF as % of GDP	15.9	15.5	13.8	13.2	14.2	15.1	15.3	15.8	16.4	16.7	16.9
Repo rate (%) end of period	6.75	6.50	3.50	3.75	7.00	8.25	7.50	6.75	6.50	6.50	6.50
Rand per USD (average per year)	13.23	14.45	16.46	14.78	16.36	18.46	18.76	18.31	18.10	18.19	18.34

Source: IDC, compiled using SARB data, IDC forecasts

South Africa's public finances pose a key macro-economic risk, with a substantial worsening in the fiscal trajectory being anticipated for the 2023/24 financial year. Revenue collections are being hampered by subdued rates of growth and softer commodity prices, thus impacting on corporate income tax, while government expenditure is increasing at a much faster than its budgeted pace. Moreover, relatively weak growth prospects are likely to frustrate government's fiscal consolidation efforts over the outlook horizon as the overall government debt-to-GDP ratio is forecast to rise further and to peak at 75.3% of GDP in the 2025/26 fiscal year, comparted to an estimated 73.9% in 2023/24 according to data from the February 2024 National Budget.

Even though credit rating agencies will be keeping a close eye on fiscal developments, structural reforms and the economy's growth performance, no further downgrades in the sovereign credit rating are expected. However, a return to investment grade territory should not be anticipated very soon.

After having recorded a solid rebound in 2021 and 2022, exports have been under pressure due to weaker global demand and softer commodity prices, as well as ongoing infrastructure-related challenges domestically (e.g. rail transport; gridlocks at ports/harbours; energy supply), difficult operating conditions and rising input costs. Considering subdued growth in several of South Africa's key external markets, the export performance may be under pressure over the outlook period, especially in the short-term. The projected moderation in China's economic growth over the next couple of years is likely to adversely impact South Africa's commodity exports, considering that China accounts for roughly 50% of global industrial commodity consumption. Taking into account a challenging global trading environment, local companies will need to focus on competitiveness enhancements, raising the level of productivity and to find new/alternative markets for their products.

Considering South Africa's high import intensity, import demand is expected to increase at a relatively fast pace over the outlook period. Furthermore, the expected firmer growth momentum of the domestic economy towards the latter part of the forecast period is likely to result in increased demand for imported capital goods (e.g. machinery and equipment) associated with an up-tick in fixed investment. Moreover, the anticipated increase in household consumption expenditure could result in stronger demand for consumer-related items in the final years of the outlook period.

However, the successful implementation of localisation and import substitution initiatives may result in a progressive reduction of the economy's import-reliance over time, although such a replacement trend may be quite gradual.

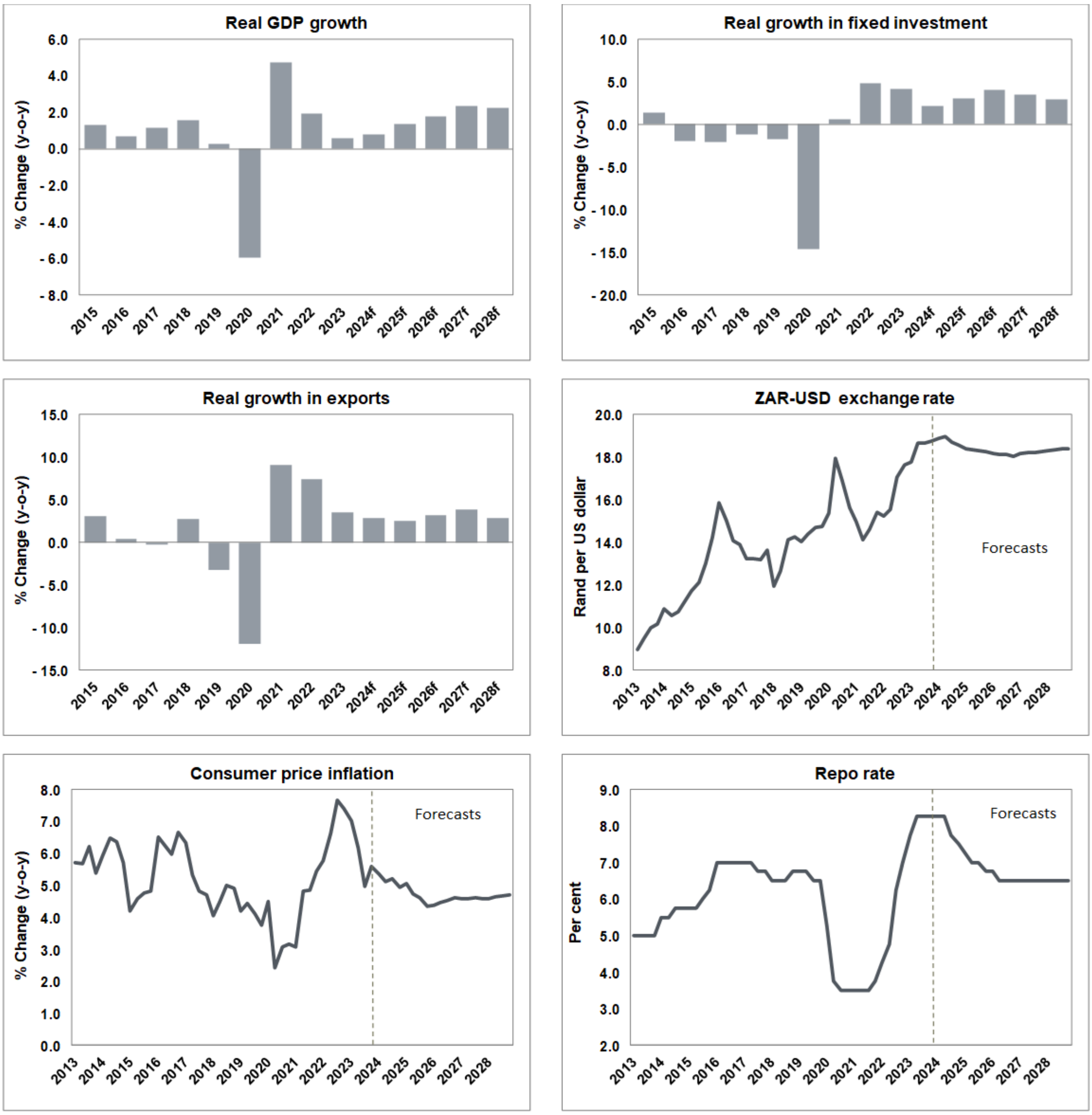
The Rand is projected to remain under significant pressure in the short-term, as several adverse global and domestic factors weigh on its performance. These factors include heightened geopolitical tensions, such as the ongoing Middle East conflict; the higher risk premium associated with investing in South Africa; worsening public finances and concerns regarding the fiscal consolidation path and a fast-rising debt trajectory; a widening deficit on the current account of the balance of payments; South Africa's comparatively weaker growth prospects in relation to other emerging markets and developing economies, as well as a relatively stronger US dollar, especially over the short-term. Even though the Rand is projected to appreciate somewhat over the outlook period, the local currency will remain highly undervalued.

A disinflationary trend is being projected, with consumer price inflation expected to average 5.1% in 2024, having averaged 5.9% in 2023 (6.9% in 2022), whereafter inflation is expected to stabilise around the mid-point of the target range. However, food and electricity prices are forecast to stay at elevated levels and well above overall inflation, thereby continuing to contribute to high living costs for consumers.

The Monetary Policy Committee (MPC) is cognisant of the impact of higher interest rates on businesses and household spending, while the economy can ill-afford higher borrowing costs. It is, thus, most likely that the end of the current tightening cycle has been reached, with the repo rate at 8.25% and the prime lending rate at 11.75% on 27 March 2024. However, interest rates are anticipated to remain higher for longer to contain inflation and anchor inflation expectations. The MPC is expected to only start with a very gradual lowering of interest rates as from Q3 2024 onwards, with the repo rate being projected to decline by a cumulative 175 basis points to 6.50% by Q2 2026.

A rather modest growth trajectory is being forecast for the South African economy over the period 2024 to 2028 as real GDP is projected to expand at an average annual rate of 1.7% per annum. Such pace of growth is deemed insufficient to address the several socio-economic challenges such as high unemployment, rising poverty and inequality. It should be noted that the risks of this growth outlook are tilted to the downside unless much needed structural impediments to growth are addressed swiftly and decisively to create a more enabling economic environment conducive for much faster rates of economic growth and development.

South Africa's projected economic performance over the period 2024 to 2028



Source: IDC, compiled using SARB data; IDC forecasts

2.2 SWOT Analysis

Internally, and as depicted in Table 1 below, the Corporation will continue to manage strong headwinds during the planning period to realise opportunities to support economic recovery and create development. In line with advancing sustainable industrial development and economic inclusion, the IDC will also continue to build on its success of developing black industrialists and support to youth and women entrepreneurs and black-owned companies.

The Corporation undertakes an assessment of its twelve key strategic risks on an annual basis (See Annexure I)

Table 1: Summary of Strengths, Weaknesses, Opportunities and Threats

<table>
<tr><th>STRENGTHS</th><th>WEAKNESSES</th></tr>
<tr><td>• Knowledge and networks of industrial value chains.
• Strong reputation with funders/sources of capital.
• Industry planning and research capacity/capability.
• Strong corporate governance.
• High calibre of professionals.
• Expanding project development capabilities.
• Increased financial capacity supported by a resilient balance sheet and optimal capital structure.
• Effective implementer of government support programmes.</td><td>• Portfolio concentration in resource-based sectors and single counters resulting in volatility and income concentration.
• Proportion of high-risk legacy clients in portfolio and protracted process in turning around underperforming subsidiaries and significant investments.
• Asset quality impacted by high level of impairments and non-performing loans mainly due to challenging legacy exposures.
• Increasing levels of staff turnover (particularly in transaction evaluation process) resulting in the loss of critical skills.</td></tr>
<tr><th>OPPORTUNITIES</th><th>THREATS</th></tr>
<tr><td>• Diversify the economy towards higher value manufacturing (low-energy, medium/high-tech & job-rich value chain).
• Increasing investment by private firms in electricity generation capacity.
• Investment in infrastructure development to build a strong base for industrialisation.
• Implement a more impactful shareholder role in the IDC's priority investments.
• Contribution to the development and implementation of industry Master Plans to drive development of priority industries such as Cannabis, New Energy Vehicles and Energy Storage.
• Further integration of SA businesses into continental and global supply chains as companies all over the world seek to diversify sources of supply of input products.
• Competitive import replacement and localisation in the domestic market, especially on the back of infrastructure investment.
• An increased awareness of the importance of environmental sustainability giving impetus to greening of industries providing opportunities for investment in the Green Economy including Just Transition.
• Altering patterns of globalisation, opening up space for a greater degree of regionalisation, localisation, and local beneficiation.
• Green industrial growth.
• Contributing to spatial equity initiatives to improve economic development in the country's poorer areas.
• Proactively demonstrating IDC's impact on the country's development to improve the organisation's reputation.
• Closer cooperation with other DFIs, SOCs and other economic development entities to enable and develop programme initiatives in targeted value chains and implementation of industry master plans.</td><td>• Public finances facing taking strain, possibility this could lead to a fiscal crisis.
• Unreliable electricity supply and other infrastructure constraints, including transport logistics deficits and water supply, impacting on development agenda.
• High unemployment rate and development deficit
• High inflationary environment, rising costs and debt service obligations for clients and shareholder.
• Global geopolitical tensions generating stunted growth and weakened trade opportunities.
• Perceptions that IDC is not doing enough to deliver on its mandate.
• 4IR, AI challenging existing business models and resultant impact on job creation.
• Increased risk of fraudulent behaviour and misrepresentation.
• Adverse publicity arising out of service dissatisfaction.</td></tr>
</table>

Strategic Priorities

3 STRATEGIC OVERVIEW 2024/25

3.1 Strategic Mandate

The IDC mandate is to proactively maximise its development impact through effective and sustainable industrial development, not only in South Africa but across the continent. Core to this mandate of supporting industrial development is to create sustainable direct and indirect employment through industrialisation and contributing to an inclusive economy. Inclusivity efforts include funding Black Industrialists, black-owned companies, women, and youth-entrepreneurs as well as broad-based empowerment. The Corporation achieves this by leveraging on and supporting implementation of government's industrial policy.

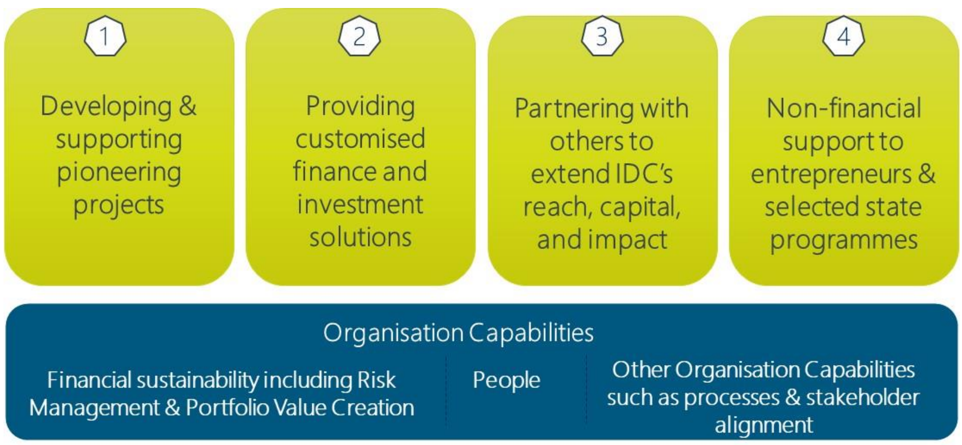
Following amendments to the dtic's annual performance plan (APP) in March 2023, the dtic introduced 45 output targets which required all dtic entities, including the IDC, to revise their targets to ensure closer alignment with the dtic's (APP) KPIs. These 45 outputs include, supporting 1 million jobs, mobilising R200 billion in investment, supporting R700 billion in manufacturing exports, and helping Black Industrialists to create 20,000 jobs and R36.8 billion in output (See Annexure L). The IDC subsequently revised its KPI's in 2023/24 to align to these (Table 7). During 2023/24 the Corporation further aligned its work with these common targets. Any additional indicators that apply to the Corporation will be accommodated in the quarterly reporting to the dtic.

3.2 Strategic Overview 2024/25

The Economic Reconstruction and Recovery Plan (ERRP), developed during the height of the Covid-19 pandemic along with the National Development Plan (NDP) and industrial policy continue to provide a planning framework for the Corporation for the implementation of economic strategies. IDC remains committed to its mandate by playing a critical counter-cyclical role to keep companies in business, thereby preventing deindustrialisation and saving jobs by providing funding to companies affected by the cyclical downturn in the economy.

During 2023, the Corporation revised its strategy statement and strategic priorities to emphasize the leading role the Corporation needs to play in the development of industrial capacity: '***To drive an ambitious programme of inclusive and sustainable employment-creating industrialisation in South Africa and the region' -*** This statement and strategic priorities (shown below) remain valid for the planning period.

Figure 4: Strategic Priorities



Through the businesses that we support, we drive key development outcomes. Ultimately, these outcomes aim to drive equitable economic growth to create and sustain jobs. In turn, achievement of these outcomes are key economic development policies and strategies.

The next section details the key developmental outcomes the Corporation seeks to achieve.

Key Outcomes

The following key outcomes are critical for effective implementation of the Corporations' 3-year Corporate Strategy:

1) **Driving investment & financing solutions to support and expand key industrial value chains:** IDC's core business is to provide investment and financing solutions for projects that contribute to increasing the industrial capacity of the country and the region. IDC will play a more proactive approach by providing funding for projects in targeted growth value chains that result in jobs-rich industrialisation and greater economic growth. As such, the Corporation will continue to drive projects within the identified priority value chains (see figure 4 below).

2) **Industry planning - The IDC has built a key competency in leading industry planning and enabling early-stage project development and deal origination which has not only been essential in aligning industrial policy framework amongst industry role players, but also in building the IDC's current and future project pipeline**. The Corporation has been involved in the development of several industry Master Plans and value chain strategies; several of which have been concluded and are in implementation, with others in the final stages of development. These Industry plans in turn inform the Corporation's development and enhancement of new industries or existing priority industries, development of projects and initiatives within value chains through a programmatic approach. Historically, project development funding has been the foundation of many key equity holdings on which the IDC's financial sustainability is based.

3) **Sustainable Job Creation: The Corporation will increase job growth by contributing to and leveraging from policy initiatives such as Industry Master Plans, Special Economic Zones (SEZ's), localisation as well as specific interventions including the Social Employment Fund. The Green Economy and SME sector also offer job rich potential which the Corporation will seek to maximise.** Given the large and growing number of unemployed people in SA, one of the key outcomes that IDC aims to achieve in its funding activities is creating sustainable jobs. IDC, however, needs to maintain a balance between supporting labour-intensive businesses and industries (e.g., horticulture and clothing manufacturing) that can have a direct impact on job creation and capital-intensive value chains and companies (e.g., industrial infrastructure and resource-intensive industries) that, although they do not have a large-scale direct impact effect on job creation, unlock broader industrialisation and job creation opportunities.

4) **Greater support for efforts aimed at transforming the economy, empowerment, and reshaping the economic landscape for better developmental outcomes.** The Corporation continues to make strides in advancing transformation as evidenced by its continued support to black industrialists, black-owned companies, women, and youth-owned businesses. Notwithstanding the progress over the last two decades, many sectors of the South African economy are not fully transformed and as such the Corporation will aim to drive an integrated strategy that addresses all aspects that enable inclusive participation in the economy.

5) **Sustainable growth through green growth:** The Corporation's long-term sustainability plan, developed in 2020 is aimed at reducing South Africa's carbon intensity, embedding sustainability

impact and Environmental, Social, Resilience and Governance (ESRG) practices to attract further sustainable finance for impact investing, while ensuring and balancing its financial performance. It not only fits in with national priorities, such as the contribution to the Just Energy Transition (JET) and associated commitments in the National Determined Contributions (NDC), but it also demonstrates the IDC's proactive approach to tackling environmental issues, guaranteeing a more sustainable and environmentally friendly future for everybody. The Corporation’s responsible investment policy and action plan sets out the IDC’s strategic objectives and strategic initiatives supported by annual strategic activities, key performance indicators, deliverables, and lead functions. ESRG and sustainability impact considerations are integrated into our due diligence and post-monitoring processes to assist clients with statutory compliance throughout the investment cycle.

6) **Effective management and monitoring of the IDC’s portfolio to create sustainable financial returns and achieve the development outcomes**. The Corporation will continue to ensure a transition towards a portfolio with a sustainable profile mix of healthy, early stress onset, struggle and distressed assets and ensure that impairments are managed through an intensive focus.

7) **Organisational effectiveness & digital transformation**: The transformative effect of digitalisation is acknowledged by the IDC. Ensuring organizational excellence, which is supported by refined organisational design, culture, and change management, goes hand in hand with this revolutionary journey. Given the rising adoption of technologies such as Artificial Intelligence (AI) and Big Data, the Corporation will review the impact of these technologies on jobs and job creation initiatives in the medium term.

8) **Employee empowerment and skills development**: The company is steadfast in its resolve to enhance the employee value offering and develop the capacity and capabilities of its workforce. This includes developing a supportive work environment, retaining skills, fostering career advancement, and consistently recognising and rewarding people for their great efforts and dedication.

9) **Maximising development impact without compromising financial sustainability**: The Corporation remains committed to enhancing its development impact while preserving the institution's long-term viability and financial stability. This will be accomplished by taking a methodical and comprehensive approach to managing asset quality, supporting monitoring and assessment at all operational levels, and reaffirming the diversification strategy to reduce concentration and volatility risk.

10) **Strategic partnering, stakeholder engagement**: The Corporation is dedicated to promoting synergies with key strategic partners and will look to astute alliances with stakeholders as well as the fostering of partnerships with other dtic entities.

11) **Building Capable public institutions and enhanced offerings:** The Corporation is committed to building capable public institutions and will prioritise its *‘More than a Bank’* offering i.e. Growth focussed ecosystem development, project development, and programme and fund development to become fully integrated and adequately resourced to ensure its role as partner and enabler of industrial capacity.

12) **Spatial Equity –** The Corporation will prioritise promoting the industrial development of township economies, rural areas, Special Economic Zones and Industrial parks through targeted support programmes to enhance economic development in these areas. The Corporation will also seek to leverage regional and continental free trade agreements like AfCFTA to take advantage of export

opportunities for South African products, input sourcing for SA value chains and broader regional industrial integration.

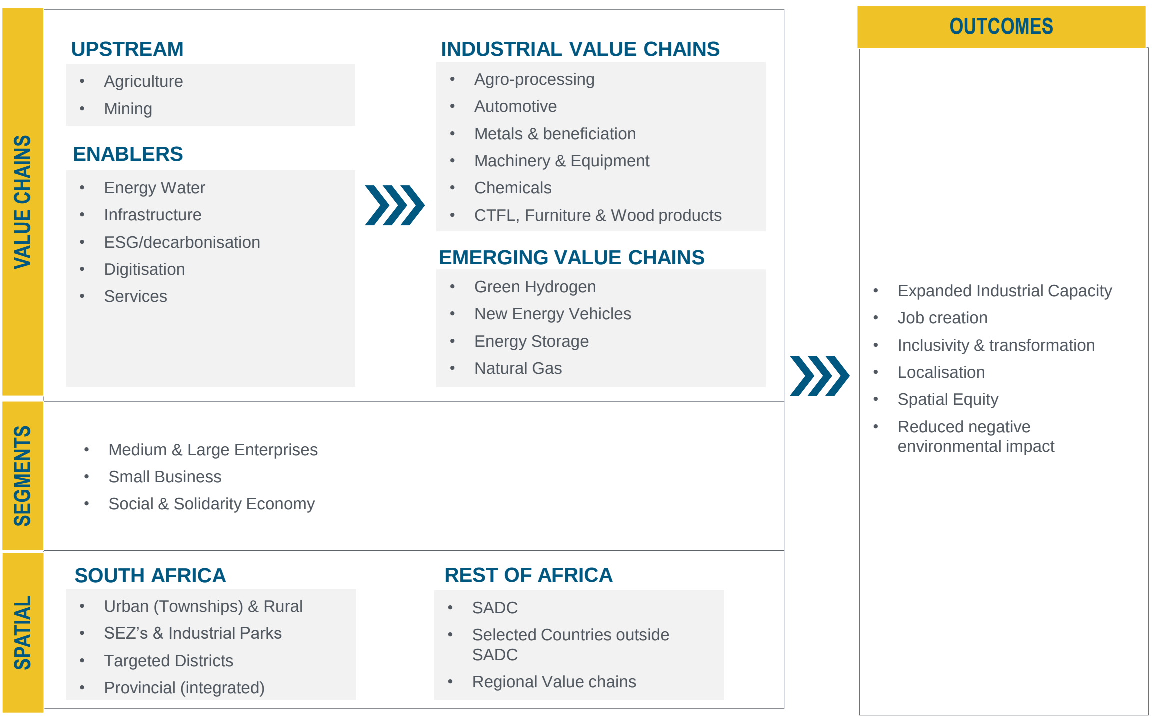
As part of its annual planning process, IDC's objectives, outcomes, and the above strategic priorities were reviewed to consider a) progress with implementation and b) changes in the internal and external environment (including external megatrends) during 2023. This review also considered feedback from the Board and Shareholder representative which centred around the Corporation amplifying from the solid base established in 2023 and *'shifting the dial'* in key value chains to position it to play a greater counter-cyclical role given the prevailing economic environment and to meet stakeholder expectations.

The following section considers these revised focus areas. (See Annexure A for the value chain priority areas)

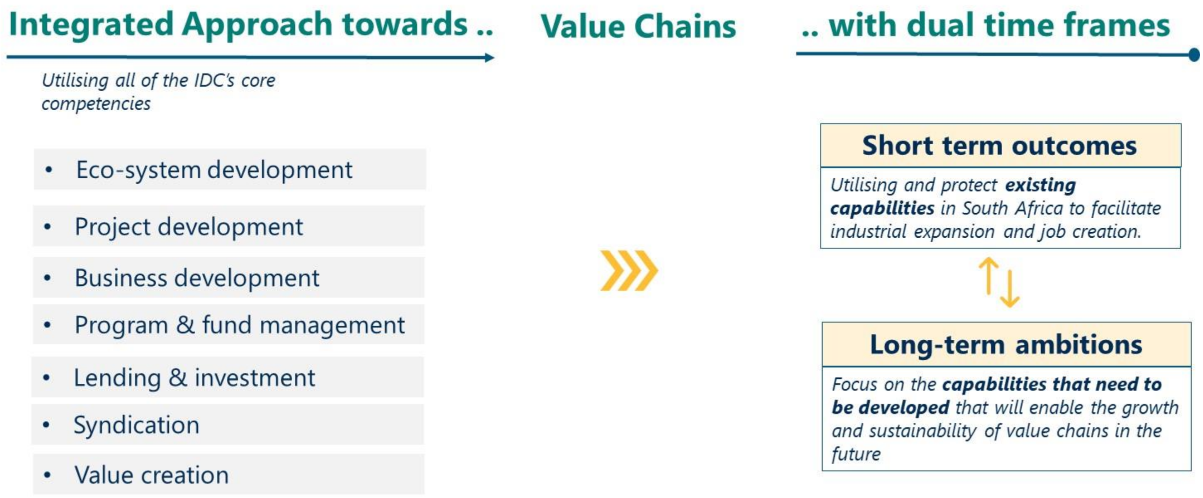
1. Integrated Approach to Value Chain Development

IDC's core business is to provide investment and financing solutions for projects that contribute to increasing the industrial capacity of the country and the region. IDC will play a more proactive approach by providing funding for projects in targeted growth value chains that result in jobs-rich industrialisation and greater economic growth. As such, the Corporation will continue to drive projects within the identified priority value chains which are reviewed regularly to pre-empt development needs and opportunities.

Figure 4: An Integrated Approach to Value Chain Development



The Corporation's developmental mandate requires responses to immediate short-term challenges & long-term ambitions which require differentiated risk appetites.



2. **<u>IDC's Sustainable Industrialisation Framework that Informs Our Value Chain Activities</u>**

Acknowledging both the South African economy's legacy challenges and climate change dynamics, the IDC has developed a Sustainable Industrialisation Framework that will assist the Corporation to drive industrial development in the context of climate change. The IDC has framed sustainable industrialisation as the maintenance and expansion of industrial capacity in a manner that is socially inclusive and environmentally responsible (Figure 6). This approach to sustainable industrialisation is in line with the objective of structural transformation and supports the maintenance and expansion of South Africa's industrial capacity; facilitates shifts to more sophisticated activities with scope for cumulative productivity growth and employment generation while enabling the country's low carbon transition and thus supports a more equitable distribution of income, quality employment, and environmental protection.

Figure 5: Sustainable Industrialisation Framework bringing together industrialisation, inclusion, and environmental responsibility.

The IDC's Sustainable Industrial Development Framework is guided by four principles:

- Going beyond mitigating harm, focusing on creating long-run inclusive growth and employment through low-carbon transitions.
- Leveraging South Africa's abundant renewable energy sources and Southern Africa's critical minerals to foster international competitiveness of industry, in the same way, that energy from cheap coal drove the country's initial industrialisation phase.
- Supporting collective transformation and ecosystem development to maximise shared benefits.
- Supporting the climate resilience of sectors that are vulnerable to the physical risks of climate change, including through the development of regional value chains.

The IDC is pursuing Sustainable industrialisation through four interconnected pillars**:**

(a) Economic Diversification and Jobs-Rich Industrialisation

The IDC acknowledges that what a country produces and exports matters for growth, inclusion and energy intensity levels related to climate change and its impacts on the levels of GHG emissions. South Africa's industrial structure is dominated by mineral resources and resource-related manufacturing goods, which are: capital-intensive, with limited scope for employment creation and inclusion; and energy-intensive, contributing to the country's relatively higher emissions per capita. Consequently, part of the IDC's sustainable industrialisation strategy is to target financing activities that contribute to diversifying the country's industrial structure. This includes supporting the development of sustainable and inclusive value chains and enabling ecosystems. This includes targeting medium and high technology manufacturing as well as labour-absorbing and labour-intensive manufacturing.

(b) Catalysing Low Carbon Transitions and Green Growth

IDC is playing a crucial role in driving low-carbon transitions and promoting green growth, particularly through spearheading initiatives and investing in projects aimed at achieving the country's net-zero ambition. The Corporation recognises that a comprehensive, integrated approach is necessary for successful low-carbon transitions and sustainable industrial transformation across sectors and industries. This approach will be essential to achieve sustainable industrialisation. The integrated approach dictates that an ecosystem is developed with the following premises:

- Renewable energy will fuel the transition to a lower emissions economy;
- Transition fuels (supported by extended transmission grid, improved distribution networks and battery storage) will be critical for managing cost competitiveness and intermittency of renewable energy overall;
- Industries will adopt new business models, powered by renewable energy with energy storage infrastructure, extended grid transmission, improved and resilient distribution networks as well as new products and solutions addressing societal needs, such as mobility;
- Green hydrogen is critical for the transition of hard-to-abate or greening root industries; and
- The economy will need to diversify and build capabilities in the supply chains of new industries to support employment and better pay to ensure a socially viable and, to a certain extent, a just transition.

In order for the green economy to thrive, an enabling ecosystem is required. Various industry plans have been developed to support the development of the green economy.

(c) Regional Value Chains

Africa's economic potential is vast and holds significant opportunities for sustainable development. This is not based only on its abundance of natural mineral and agricultural resources but its young and growing population, vast urbanisation and rising middle class, increasing intra-African trade boosted by AfCFTA, advancements in technology and digitisation and investment in infrastructure. Of specific interest to IDC is potential direct and indirect benefit for South Africa as well as the support regional value chains within the Continent. The IDC's focus is Agro-Processing and Agriculture, Mining & Metals, Chemicals, Automotive, Machinery & Equipment, Textiles, Energy and Industrial Infrastructure. Of specific importance is the development of Continental-wide critical minerals value chains that underpin clean energy systems but are also key inputs into modern technology and communications systems.

(d) Supporting Climate Resilience

IDC recognises that extreme weather events and shifts in weather patterns due to climate changes may cause disruptions to various production systems and ecosystems. IDC supports climate resilience by supporting firms and industries to:

- Build capabilities to withstand climate-related shocks - Given the acute threats to agricultural production, the IDC is supporting the development and growth of regional food value chains to leverage different weather patterns for food security; financing activities including technology adoption that support climate and economic resilience of the agricultural sector; and supporting investments in efficient transportation/logistics systems and adequate infrastructure.
- Recover quickly from weather, seasonal and climate-related shocks.

The pillars are not mutually exclusive and reinforce each other. For example, diversification is also being pursued through the low carbon transitions and green growth, whereby the IDC supports backward integration into diversified manufacturing production of components for new green industries. The pillars are supported by the crosscutting ecosystem approach to optimise competitiveness, linkage development and inclusion; and supporting economic enablers such as sustainable industrial infrastructure and energy.

3.3 Key emerging risks to implementation of the strategy

Risk	Description	Potential impact	Mitigation
Further downgrade of IDC credit rating	An additional ratings downgrade for IDC over and above the two downgrades in 2020.	The cost of funding for IDC will increase and put pressure to increase pricing to customers. This could lower ability to improve the risk profile of portfolio by attracting medium-risk clients. It could also reduce ability to raise funding.	IDC's financial position has improved significantly compared to previous years. Ongoing engagement with broad group of lenders and support to access alternative sources of funding.
Social and environmental induced Risks	Extreme weather conditions have caused devastation and placed notable pressure on infrastructure quality and costs. Stagnant growth, high unemployment and other socio-economic issues raise the threat of social unrests that may have material impact on the IDC, its BPs and employees.	Downward trend in business confidence could result in business partners delaying implementation of projects resulting in lower demand for funding for expansions of industrial capacity.	General focus on deal development, Proactive assistance for clients to develop credible Value Creation Plans to ensure resilience and improve development impact, Contributing to the implementation of policies and programmes aimed at addressing unemployment and poverty.
Electricity availability	Insufficient and Unreliable Electricity Supply	Power outages can disrupt critical systems and processes and may give rise	Focus on providing industries with alternative power solutions and alleviating some of the key

Risk	Description	Potential impact	Mitigation
		to secondary issues and risks including social unrests, criminality and prolonged business and investment disruptions impacting on the operations of the Corporations, including its BPs and Significant Investee Companies.	supply risks through localisation strategies that will also maximise development impact from those investments and increase development outcomes. Leveraging of other renewable energy funding for related infrastructure investments to increase multiplier effect in sector.
Prolonged greylisting by Financial Action Task Force.	The risk of South Africa remaining on the FATF greylist over a prolonged period would indicate incapability to develop and implement policies to address identified risks.	Confidence on the SA financial system could be weakened, with potential negative impact on accessing external funding to the IDC, its BPs and the South African economy in general	Strong government and financial sector focus in remedying identified gaps with specific timelines. IDC to Monitor, Collaborate and Engage with internal and external stakeholders and adopt and review risk response strategies to mitigate against associated threats.
Supply chain disruptions	Supply chain disruptions driven by geopolitics, adverse weather, increasing fuel prices, port disruptions etc continue to hold back recovery of the economy.	IDC clients who are disproportionately dependent on imports likely to pay higher prices and face supply constraints which in turn affects profitability and threaten performance. Interruption of service by 3rd parties to IDC services.	Continuous portfolio management to identify and assist clients who are facing difficulties. Review of BCM capabilities for critical service providers to the IDC. Reduction of third-party concentration risks, and retention of critical skills internally.
Concentration of listed portfolio	Portfolio concentration in resource-based sectors and single counters resulting in volatility and income concentration.	Breaching prudent debt/equity levels and loan covenants.	Implementation of multiple strategy for the listed equity portfolio. Strategies to improve the value in the unlisted portfolio to have a more diversified overall portfolio with less reliance on the performance of listed shares. Portfolio Diversification strategy essential to reduce concentration and volatility risk to the IDC.
Inefficient and insufficient collections	Reduced collections would impact on the capacity of the IDC to meet its development mandate and place strain on its balance sheet.	Economy challenges increasing levels of non-performing loans and impairments. Reduction in cash inflows and liquidity.	Adoption of comprehensive pre- and post-investment strategy that gives better control of the quality of deals as well as the collection of payments due. Robust monitoring processes aligned to IDC counter-cyclical mandate creates agility in assisting business partners through difficulties.
Deteriorating Impairment levels	Higher impairment levels than expected.	Negative impact on financial sustainability and impact on cost of borrowings.	
Skills Shortage	Exodus of skills as skilled workers and top talent leave the country. Growing number of young South Africans also emigrating.	Shrinking SA talent pool to fill both critical and junior roles. Negative economic impact.	Focus on investing in education to equip staff to thrive in a competitive global market. Improving non-pay-related incentives such as flexible work policies and greater autonomy.

3.4 Subsidiaries

IDC obtains a controlling stake in companies from time to time mainly resulting from:

a) Project development activities where it takes a controlling stake in a company to establish the project.
b) Restructurings of funding facilities where debt is converted into equity resulting in a controlling stake for IDC.

IDC never intends to hold a controlling stake in these companies for an extended period, however, the IDC must also consider the value that can be realised from these investments before exiting.

Over the past years, many of these companies have faced financial difficulties. These stem from various factors, including an inability to compete, outdated equipment and challenging economic conditions. IDC has been working closely with the board and management of these businesses to develop and implement strategies to turn the companies around and retain the industrial capacity and associated jobs. Where relevant, these strategies, most of which form part of the IDC's "clean and fix" activities are summarised in the sections below.

The subsidiaries listed below are companies over which IDC exercises control and has an exposure of R500 million or more. It does not include subsidiaries forming part of the mini group i.e., Findevco (Pty) Ltd., Impofin (Pty) Ltd., or Konoil (Pty) Ltd., which form an integral part of IDC's funding operations.

3.4.1 Foskor (Pty) Ltd

The IDC established Foskor in 1951 and currently owns 59% of the company, with a private foreign shareholding of 15% and the balance of 26% being held by management, workers, communities and B-BBEE investors. Foskor's main activities involve producing and exporting phosphate-based fertilizers and phosphoric acid. The company employs about 1 654 people at its phosphate mining operations in Phalaborwa, its phosphoric acid production plant in Richards Bay and the Head office in Midrand. Foskor plays a strategic role in the South African agricultural value chain as the only integrated phosphoric acid operation in the country and creates valuable linkages to the fertilizer industry.

Foskor has been making losses for several years with technical problems and other external factors at the Richards Bay plant continuing to negatively impact Foskor's cashflows. In particular, the electricity and water outages have had a major impact on the performance of the acid plant. Over the past years, the IDC has disbursed significant amounts to turnaround efforts and operational improvements.

In April 2020, the IDC Board approved a turnaround plan for Foskor to increase production in both the mine and the plant and generate cost savings. The services of a foreign shareholder on the acid plant and a consulting service provider on mine have been enlisted to drive the turnaround plan. The IDC provided funding for the turnaround plan, with some positive results emerging as a result thereof.

The implementation of the turnaround plan has seen an improvement in the operational and financial performance of the company. By 31 March 2022, Foskor increased revenue by 57% from R4.5bn the previous year to R6.9 billion, driven by improved efficiencies from the turnaround plan. The company posted a reduced loss of R542m in 2022 compared to a loss of R2.2 billion in 2021.

The IDC has provided most of the funding required since Foskor's establishment. Therefore, it was important for the IDC board to approve the turnaround and begin introducing a Strategic Equity Partner (SEP) into Foskor.

3.4.2 Small Enterprise Finance Agency SOC

The Small Enterprise Finance Agency (sefa) was incorporated on 1 April 2012 in terms of Section 3(d) of the Industrial Development Act as a development finance institution with a mandate to provide financial support to SMMEs and Co-operatives. The institution was formed through a merger of Khula Enterprise Finance and the South African Micro Apex Fund (SAMAF). sefa is a wholly owned subsidiary of the IDC and reports to the Minister of Small Business Development, its Executive Authority. sefa functions as both a wholesale lender, capacitating SMME financial intermediaries, and as a direct lender to SMMEs and Co-operatives in support of government economic policy.

FY2023 was a challenging year for small businesses as the adverse economic conditions negatively impacted individuals and businesses. Inflationary pressures and the resultant increase in the repo rate, coupled with continued load shedding amplified challenges for many small businesses. The impact of these adverse economic conditions has been cited by sefa for the lower-than-anticipated collections and the higher impairment rates for FY2023. This resulted in sefa reverting to a loss-making position after turning its first-ever profit in the previous year. Despite this, sefa still managed to grow its loan book by 22,9% to R4,1 billion. During 2023, sefa approved loans to the value of R1.7 billion and disbursed R2.4 billion into the South African economy in support of 74 769 enterprises. These businesses in turn helped create and sustain 104 710 jobs. This was achieved by the continued implementation of the Economic Recovery Programmes/Township and Rural Economic Programmes (TREP), in response to the current economic challenges. Business Viability Programme (BVP) and the Youth Challenge Fund (YCF) also continued to be implemented under the Direct Lending business unit. In addition, sefa introduced the Purchase Order Finance Loans programme in 2023 aimed at assisting SMMEs with the current economic challenges.

The cabinet-approved merger is still in progress and is currently in the legislative phase. The National Small Enterprise Amendment Bill, which enables the legal merger of the entities was approved by Cabinet in June 2023 and put out for public comment until the end of November 2023. Thereafter, the Bill will have to go through the National Assembly and the National Council of Provinces for adoption and to the President to be assented and signed. Subject to a presidential proclamation, the IDC will be expected to transfer its shareholding to the Department of Small Business Development, which will ultimately consolidate sefa with the Small Enterprise Development Agency and the Cooperative Development Bank Agency to form the Small Enterprise Development and Finance Agency.

3.4.3 Cast Products South Africa (Pty) Ltd

Cast Products South Africa (Pty) Ltd (CPSA) is a key local supplier of wheels, locomotive frames, and wagons, and builds components for Transnet Freight Rail and Eskom. It was carved out from Scaw to facilitate a Strategic Equity Partner (SEP) entry into the casting business of Scaw. This business was historically a loss-making operation and urgently needed the intervention of a SEP with the necessary technical skills to turn it around. After numerous negotiations, Amsted Rail, a Strategic Equity Partner (SEP), was introduced into CPSA as a 15% shareholder in September 2019. Amsted has an option to increase its shareholding in CPSA to 49% based on the achievement of cash flow and EBITDA milestones.

During the calendar year 2022, CPSA was placed in Business Rescue (BR) because the business was in distress. The business rescue plan intends to restructure CSPA in three phases, namely (1) stabilise CPSA business and rationalise business units, (2) drive continuous improvements and new initiatives, and (3) find a suitable strategic equity partner, investor and/or sell the business or a portion of shares. There have been notable improvements in CPSA's operations resulting in increased production levels and reduced costs since the adoption of the business rescue plan.

3.4.4 Prilla (Pty) Ltd

Prilla is a cotton spinning mill which was established in 1975 and is situated in Pietermaritzburg. The raw material (cotton) is mainly sourced from Zambia, Zimbabwe and Mali. The relationship between the IDC and Prilla was initiated in 1992 when the IDC provided funding to the company. Prilla is the only independent cotton yarn supplier in the country, spinning 100% cotton yarn for both knitting and weaving applications and yarn trading. It employs 300 people and supplies yarn to local weavers and knitters estimated to collectively employ 2 400 people.

Prilla broke even for the 2022 financial year after posting large losses in 2021. The improved performance was due to increased demand after the previous year was negatively affected by COVID-19.

IDC has approved a supplier guarantee of US$3 million for Prilla which has helped to improve the company's cash flow position. The IDC is currently assisting in finding a strategic equity partner who will assist in funding the needed capex of around R250 million.

3.4.5 Sheraton Textiles (Pty) Ltd

Sheraton Textiles, based in Diep River, Cape Town, South Africa is a designer and manufacturer of fine household linen and accessories since 1920. Sheraton is a 100% IDC-owned subsidiary with the initial investment by the IDC made in 2009 as part of a business rescue process in support of the SA government's strategy to support the textile industry.

During the 2020 and 2021 financial years, Sheraton purchased and revamped a new, state-of-the-art manufacturing facility in Diep River. Operation on the new and revamped plant commenced in 2022. The management team remains confident that the new facility will streamline the production process, alleviating inefficiencies and ensuring greater health and safety compliance.

Sheraton is currently generating operating losses with a negative EBITDA, which is unsustainable for the company. In response to this negative outlook, Sheraton's management implemented a turnaround plan approved by the Board in 2022. This plan, however, has not delivered the intended results as Sheraton continues to lose margins and generate losses. As part of solutions to stem the poor performance, Sheraton's management, supported by the IDC team, has begun revisiting Sheraton's strategy, and revising the turnaround plan. Sheratons current business model will be changed to move away from retail customers and diversify their customer mix. To support this turnaround initiative a Business Development Executive will be appointed on contract for at least 12 months to develop and implement a marketing and revenue growth strategy.

In August 2023, the IDC approved the establishment of a Sheraton Workers Trust and the transfer of 15% of the IDC shareholding (at no value) to the Workers Trust. Registration of the Workers Trust is currently underway.

Strategic Outcomes

4 FINANCIAL PLAN

4.1 Capital Allocation

Capital Allocation is a process of distributing and allocating the capital available to IDC amongst Strategic Business Units to facilitate and ensure the achievement of the overall Corporate and sectoral strategic objectives. In the current Corporate Plan, these aim to increase development effectiveness and improve financial sustainability.

The Corporation continues to place greater emphasis on developing quality deals and projects' pipeline in its effort to migrate the current portfolio (skewed towards high risk) to one that is predominantly of a medium risk profile. IDC is enhancing its capacity to leverage and facilitate investments to ensure developmental outcomes and resultant benefits are achieved.

A breakdown of the capital allocation for funding directly from IDC's balance sheet per Strategic Business Unit (SBU) is provided in the table below.

Table 4: Capital allocated to different sectors.

SBU	5-year sector outlook	Exposure at cost Feb 2024 (R'm)	Exposure at cost Feb 2024 (%)	Historical value of funds approved (2019 FY to 19 Oct 2023)	Capital allocation			
					2024/25	2025/26	2026/27	% of total (3 years)
Agro-processing and Agriculture		6 521	7%	5 281	2 728	2 874	3 001	12%
Tourism and Services		7 498	8%	3 580	1 795	1 827	1 914	8%
Automotive and Transport Equipment		5 334	6%	6 779	1 774	1 838	1 897	8%
Chemicals, Medical Products & Industrial Minerals		16 526	17%	14 175	2 143	2 221	2 424	10%
Machinery, Equipment & Electronics		2 442	3%	5 045	1 397	1 445	1 506	6%
Textiles & Wood Products		4 370	5%	4 886	1 171	1 237	1 348	5%
Energy		12 096	13%	5 905	3 544	3 708	3 819	16%
Infrastructure		2 700	2%	6 804	3 503	3 526	3 624	15%
Mining & Metals		37 073	39%	22 765	4 161	4 187	4 356	18%
Project Development		1 352	1%	1 348	670	705	738	3%
Total		**95 289**	**100%**	**76 568**	**22 886**	**23 568**	**24 627**	**100%**

4.2 Financial Projections

The financial projections consider the expected delivery on its mandate, balancing this with the affordability of the IDC's planned activities. The budget is based on an optimal level of investment while maintaining financial sustainability.

Mini Group R million	Estimate		Forecast		
Cash flows	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**TOTAL 3 years**
On-balance sheet advances (R'm)	17 388	21 416	22 049	23 033	66 498
External funds raised (R'm)	5 898	11 000	11 414	11 347	33 761
- of which foreign borrowings	1 894	4 520	2 164	673	7 357
Proceeds from sale of shares	1 186	450	438	481	1 369
Balance sheet	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**end-2026/27**
Financing at market values (R'm)	137 805	154 866	169 212	183 001	183 001
Borrowings (R'm)	29 845	34 472	40 791	44 644	44 644
Debt/equity (%)	27%	28%	31%	33%	33%
Impairments as % of portfolio at cost	34,8%	28,7%	27,2%	25,8%	25,8%
Total Assets	149 608	163 906	179 204	192 527	190 490
Income statement	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**TOTAL 3 years**
Dividend income	6 189	6 142	7 406	6 532	20 080
Interest and fee income	7 388	7 380	8 752	9 357	25 489
Borrowing costs	2 738	2 950	3 131	3 919	9 999
Impairments and bad debt write-offs	(853)	744	(1 300)	(676)	(1 232)
Profit Before Tax	7 169	7 916	8 623	8 051	24 590
Net operating income before capital realisations	6 438	7 334	7 325	7 108	21 767

4.3 Risk Appetite

The IDC's Risk Appetite refers to the aggregate level and type of risks the organisation is willing to accept to achieve its strategic objectives. A high-risk appetite will consume a much greater portion of the risk capacity, whilst a low-risk appetite will consume a smaller portion thus providing a greater buffer and reducing the vulnerability of the organisation's capital adequacy. The IDC risk appetite level is aligned to its mandate as a development finance institution and its role in maintaining sustainable industrial capacity and responsible through-the-cycle job preservation. The Corporation continues to effectively implement and monitor interventions to manage the approved Top Twelve Strategic Risks and other Operational Risks. These identified risks remain relevant and appropriate to the Corporation and adequately capture current and emerging challenges, both international and local.

The approved Risk Capital, Limits & Thresholds and Risk Appetite Metrics remain appropriate for the Corporation and are in line with the strategy to progress to a medium to low-risk portfolio for the IDC.

Table 5: IDC Core Risk Appetite Metrics

Metric	Definition	Measurement Methodology	Threshold/ Limit
Average portfolio probability of default	The probability that a borrower/ group of borrowers will default	Measured as an average probability of default based on the IDC internal risk grading model	<21%
Impairment Ratio	Level of cumulative impairments over the total portfolio at cost	Measured as a ratio of total balance sheet impairments over the total portfolio at cost (total impairments = cumulative expected credit losses (ECL's) on SPPI facilities plus negative fair value adjustments on non-SPPI facilities)	ECL ratio <25% Total impairment ratio < 27%

Metric	Definition	Measurement Methodology	Threshold/ Limit
Non-performing loans Ratio	Loan book with capital more than 90 days past due over the loan portfolio at cost	Capital outstanding on loans that are more than 90 days in arrears, expressed as a percentage of the total loan book at cost	<15%
IFRS Non-Performing Loans Ratio	All stage 3 non- performing assets.	All stage 3 Solely Payment of Principal and Interest (SPPI) assets as a percentage of the SPPI book at cost	<25%
Credit Loss Ratio	Level of actual credit losses incurred during the year as a percentage of the total portfolio	Measured as the ratio of the annual impairment charge per the income statement over the portfolio at cost	<5%
Write-off Ratio	Level of debt and equity written off during a financial year in relation to the capital base	Measured as a ratio of total write-offs post recoveries and expressed as a percentage of the IDC's capital	<0.75% of capital base
Debt to Equity Ratio	It measures the extent of the IDC's interest-bearing debt relative to its equity.	Ratio of total interest-bearing liabilities to the total equity.	60%
Industry concentration limits	Industry concentration refers to concentrations in areas of the economy in which businesses share similar products or services that are highly correlated.	The acceptable risk levels consider the probability of default as well as the loss given default of the portfolio.	Portfolio ECL capped at 25% of the Capital Base Overall Credit Concentration limit of R6 billion, which no single industry should exceed
Africa Portfolio limit	Africa Portfolio Limits represent the share of IDC capital allocated for investment opportunities on the continent.	The Africa portfolio limit is set at 30% of IDC shareholder funds. This is further distributed to SADC and RoA portfolios, using a 60:40 split in favour of SADC.	USD 1.95 billion SADC: USD 1.17 billion ROA: USD780 million
Liquidity Coverage Ratio (LCR)	Short term liquidity risk metric	Measure the IDC's ability to meet liquidity requirements over the next 3 (severe/acute short-term shock) and 12 months (moderate protracted liquidity stress)	≥100%
Net Interest Income at Risk (NII)	NII-at-Risk is a short-term earnings approach	Measures the impact of interest rate shocks on forecasted 12-month NII.	<10%
Net Open Foreign Currency Position (NOFP)	NOFP refers to a methodology of measuring the foreign exchange rate risk	Positions are based on the aggregate of all long and short currency specific positions (both spot and forward transactions) and aim to prevent potential losses resulting from transaction related exchange rate risk.	<USD 25 million
Fraud and Ethical Conduct	The indicator reflects IDC's commitment to maintaining the highest integrity and ethical conduct levels and has no appetite for fraudulent and unethical business activities. Potential conflicts of interest must be avoided and/or managed through appropriate disclosure.	Number of confirmed of fraud / unethical cases.	0
Regulatory Compliance Risk	The risk appetite statement for compliance risk reflects a need for a robust approach that ensures strict adherence to regulatory requirements. The Corporation does not have appetite for non-compliance with key/critical regulatory requirements.	Number of material key/critical regulatory breaches	0

Metric	Definition	Measurement Methodology	Threshold/ Limit
Business Continuity (Operational Resilience)	The risk appetite for Business Continuity Management is to ensure that effective BCM plans are in place for all critical IDC functions and that all vendors supporting critical functions have a robust BCM capability to ensure business continuity.	Recovery Time from a critical operational Risk Event	24 Hours
Environmental, Social, Governance	The IDC will encourage and support businesses to adopt policies that improve Environmental, Social and Governance (ESG) risk factors in alignment with national and global commitments made by the South African government.		

Annexure I provides an overview of the IDC’s strategic risks.

5 PERFORMANCE INDICATORS

IDC performance indicators for the coming period emphasise execution and support for key development outcomes while ensuring that the Corporation maintains a focus on its financial sustainability and addresses organisational capabilities and its reputation in the market. The indicators include both leading and lagging KPIs, mapping a path to achieve our strategic ambitions and the IDC that we aspire to. The indicators are aligned to the 45 outputs of the Department of Trade, Industry and Competition.

KPIs have been divided into two groups. The shaded indicators in Table 7 show the primary KPIs. These are the KPIs that are measured at a corporate level. These indicators focus on the IDC's twin pillars of development effectiveness and financial sustainability. Development effectiveness focuses on key outcomes i.e., facilitating investment, addressing unemployment, and facilitating transformation. Supporting indicators (not shaded) are indicators that IDC are included in divisional, unit and individual performance KPIs and form part of the Corporation's ongoing reporting to the Shareholder.

The IDC has committed to increase the measurement of the impact of its funding. KPIs will be revised when the necessary capabilities have been developed to measure impact more accurately.

Table 7: Key performance indicators

Perspective	Performance area	Performance indicator	Alignment to dtic outputs	Target 2024/25	Target 2025/26	Target 2026/27
Development effectiveness	a) Total investment flows facilitated	a) Total investment flows facilitated (R'm) (a1+a2+a3)	Output 1: R350 bn in investment pledges across the state	54 928	56 491	58 438
	a1) IDC own balance sheet funding	a1) Value of on-balance sheet funding disbursed (R'm)		21 416	22 049	23 033
	a2) Managed development funds	a2.1) Value of off-balance sheet funding disbursed (R'm)		4 133	4 379	4 642
		a2.2) Value of off-balance sheet funding disbursed as a % of funds available (this FY)		75%	75%	75%
	a3) Co-funding leveraged/ syndicated/ catalysed	a3) Value of leveraged funding committed by other funders (R'm)		29 379	30 063	30 763
		a4) Output growth by Black Industrialist clients (%)		Growth in BI clients output as calculated, Baseline + CPI + 3.5%		
	b1) Funds committed (financial close reached) and facilitated to support policy priorities: transformation	b1) Total funds committed and facilitated in support of transformation (Aggregate comprised of i) IDC own funds, ii) off-balance sheet funds and iii) leveraged/ catalysed funds). Transformation is broadly defined to include funding for Black Industrialists, black-owned		17 523	18 023	18 537

Perspective	Performance area	Performance indicator	Alignment to dtic outputs	Target 2024/25	Target 2025/26	Target 2026/27
		companies, companies with broad-based ownership, trade union owned entities, women-entrepreneurs, and youth-entrepreneurs (R'm)*				
		b1.1) Black Industrialists	Output 11: R200 billion in Black Industrialist output achieved	7 400	8 600	9 995
		b1.2) Black-owned businesses		11 900	13 600	15 543
		b1.3) Women-entrepreneurs	Output 8: R8 billion in financial support programmes to SMMEs, and women and youth-empowered businesses	3 500	3 967	4 496
		b1.4) Youth-entrepreneurs		1 500	1 700	1 927
	b2) Increase in output for manufacturing companies supported (localisation and beneficiation)	b2) Growth in value of sales for manufacturing companies in IDC's portfolio (%)	Output 2: R60 billion in additional local output committed or achieved	Growth in sales for the total manufacturing industry + 2 percentage points with a minimum of inflation + 3.0 percentage points	Growth in sales for the total manufacturing industry + 2 percentage points with a minimum of inflation + 3.0 percentage points	Growth in sales for the total manufacturing industry + 2 percentage points with a minimum of inflation + 3.0 percentage points
	b3) Funds committed and facilitated to support policy priorities: Master Plans and IDC Industry Priorities	b3) Total: Industry Master Plans and IDC Industry Priorities (R'm)*	Output 23: 100 Investor facilitation and unblocking interventions provided	24 930	27 253	29 792
	b4) Funds committed and facilitated to support policy priorities: Spatial equity	b4.1) Total funds committed and facilitated to improve spatial equity (investment outside 6 main metro municipalities[3]) (R'm)	Output 7: R15 billion support programmes to enterprises in areas outside the 5 main metros	16 660	18 159	19 793
		b4.2) Total funds committed and facilitated for businesses in SEZs (including economic infrastructure projects that enable SEZs (e.g. energy supply, logistics, water) (R'm)	Output 17: 1 new SEZ designated and support work with provinces related to industrial parks	1 000	1 100	1 210
	b5) Funds committed and facilitated to support policy priorities: SME development	b5) Total funds committed and facilitated for SMEs (R'm)	Output 8: R8 billion in financial support programmes to SMMEs, and women and youth-	5 493	5 649	5 809

[3] Cape Town, Ekurhuleni, eThekwini, Johannesburg, Nelson Mandela Metro, and Tshwane

Perspective	Performance area	Performance indicator	Alignment to dtic outputs	Target 2024/25	Target 2025/26	Target 2026/27
			empowered businesses			
	b6) Support for policy priorities: worker empowerment	b6) Number of workers that will gain a level of shareholding in their companies through direct or indirect structures in approved transactions (Number)	Output 15: 20 000 additional workers with shares in their companies	950	1 000	1 053
	b7) Support for energy provision	b7) Generating capacity for electricity generation projects approved, including utility scale and small-scale embedded generation (MW)	Output 20: 550 Megawatts of energy available for the grid	580	605	631
	b8) Export development	b8) Increase in exports generated for intra-regional and global trade through funds committed - FY23 Base R42 bn (R'm).	Output 3: R900 billion in manufacturing exports	14 000	15 000	16 071
	c) Job creation and preservation*	c1) Number of jobs expected to be created/saved from committed funds (Number)	Output 13: 100 000 jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)	34 023	35 030	36 067
		c1.1) Number of jobs expected to be created from IDC regularly committed funds (Number)		24 800	25 534	26 290
		c2) Number of jobs expected to be created/saved from grant - related committed funds (Number)		8 045	8 283	8 528
		c3) Number of jobs expected to be created excluding construction and other short-term jobs annualised (Number)		23 663	24 229	24 946
		c4) Township economy jobs (Number)		3 828	3 941	4 058
		c5) Expected new jobs to be created / saved by Black Industrialists (Number)		8 596	8 850	9 112
		c6) Percentage change in the number of people at South African companies in IDC's portfolio (% change y-o-y)		IDC Sectors Employment growth +3%	IDC Sectors Employment growth +3%	IDC Sectors Employment growth +3%
	d) Project development & Industry Planning	d1) Investment value of projects that graduated from preparation to the investment phase (R'm)	Output 23: 100 Investor facilitation and unblocking interventions provided	4 800	6 600	9 075
		d2) Number of proactive new business/deals generated		New measure: to be defined & methodology	To be determined based on the	To be determined based on the

Perspective	Performance area	Performance indicator	Alignment to dtic outputs	Target 2024/25	Target 2025/26	Target 2026/27
				agreed with auditors during the year	agreed methodology	agreed methodology
		d3) Number of projects (in EV's and critical minerals value chain (excluding pure mining extraction and concentration projects), green hydrogen) being funded either through project development or transactional funding.		2	3	4
		d4) Progress against Green Economy Industry Planning implementation milestones.		Qualitative Assessment (1-5)	Qualitative Assessment (1-5)	Qualitative Assessment (1-5)
Financial sustainability	e) Improve quality of the portfolio through i) managed exits of non-performing assets, ii) appropriate origination of quality deal flow, iii) turnaround actions	e1) Impairment ratio (total book) (%)		28.7%	27.2%	25.8%
		e2.1) Non-performing loans (NPLs) (%)		24.1%	22.0%	20.0%
		e2.2) Rand Value of NPL		11 988	11 491	10 960
		e3) Achieve critical milestones in the turnaround plans for Cast Products SA, Foskor, and Kalagadi Manganese, and for other significant exposures		**2024/25** **Foskor:** • EBITDA: Achieve 100% of EBITDA board approved numbers. • BEE Restructure and/or Balance Sheet Restructure: Full Implementation by end of March 2025. **Cast Products:** • Turnaround Milestone: Termination of Rescue Plan and approval of Turnaround Plan (by end Q2 2024/25). • EBITDA: Achieve 100% of Budgeted EBITDA target. • Governance: Reconstitution of the Board that complies with the King IV principle of independent non-executive directors being in the majority (by the end of August 2024). **Kalagadi Manganese:** • Turnaround Milestone: Critical Review of Competent Persons Report for reasonableness; and Completion of the detailed Mine Plan (by October 2024). • Implementation of Board numeric target once finalised. **Significant Exposure 1** • Business Case & Funding Model: Develop long term sustainable business case & funding model. (September 2024). **Significant Exposure 2** • Industry Action Plan: Industry action plan to be developed and IDC Board-approved for IDC's interventions in the steel sector. (December 2024).		
		e4) Risk profile of the portfolio (predominantly medium risk portfolio)		5 percentage point improvement from 31 March 2024 actual	5 percentage point improvement from 31 March 2025 actual	percentage point improvement from 31 March 2026 actual

Perspective	Performance area	Performance indicator	Alignment to dtic outputs	Target 2024/25	Target 2025/26	Target 2026/27
	f) Proactively driving and enabling the management of value increase of the IDC's unlisted portfolio	f) Appreciation in carrying value of unlisted investments (excluding listed assets) (y-o-y; %)		Inflation + 3.25 percentage points	Inflation + 3.25 percentage points	Inflation + 3.25 percentage points
	g) Optimise the balance sheet for long-term sustainability	g) Growth in the value of reserves (y-o-y; %)		Real GDP growth + inflation + 3.25 percentage points	Real GDP growth + inflation + 3.25 percentage points	Real GDP growth + inflation + 3.25 percentage points
Organisational capabilities	h) Build an organisational culture that is characterised by individual excellence, cross-divisional team collaborations	h) Culture entropy score		25%	25%	25%
	i) Achieve efficiencies in terms of end-to-end deal process to meet desired service standards and deliver the right products and solutions to clients	i1) Customer satisfaction index (scale of 1 to 10)	Output 39: 9 High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies	8	8	8
		i2.1) Percentage of applications where the turnaround time from receipt of application to legal agreements having been signed is within the service standard of 64 business days for non-complex transactions (excluding projects, time waiting for client)		80%	80%	80%
		i2.2) Percentage of applications where the turnaround time from receipt of application to legal agreements having been signed is within the service standard of 180 business days for complex transactions (excluding projects, time waiting for client)		80%	80%	80%
Strategic positioning & stakeholder alignment	j) Enhance IDC's reputation and build trust amongst its stakeholders.	j) Reputation survey score (scale of 1 to 100)		75	75	75

**Some of the KPIs overlap by their nature, but are not double counted in the total figures, namely:*

- *b1.1) Black Industrialists, b1.2) Black-owned businesses, b1.3) Women-entrepreneurs and b1.4) Youth-entrepreneurs overlap with each other, but they are not double counted in the Total funds committed and facilitated in support of transformation – b1)*
- *Industry Master Plans and IDC Industry Priorities overlap significantly, but they are not double counted in b3) Total: Industry Master Plans and IDC Industry Priorities*
- *The jobs-related indicators overlap as follows (without double counting in c1) Number of jobs expected to be created and saved).*
  - *c1.1) Number of jobs expected to be created from IDC regularly committed funds overlaps.*
  - *c2) Number of jobs expected to be created/saved from grant - related committed funds does not overlap.*
  - *c3) Number of jobs expected to be created excluding construction and other short-term jobs annualized, c4) Township economy jobs, c5) Jobs created / saved by Black Industrialists will have significant overlaps.*

Supporting Material

ANNEXURE A: SECTOR FOCUS AREAS

Sector	Agro Processing & Agriculture	Textiles and Wood	Chemicals, Industrial Minerals & Medical
	• Accelerate the aggregation model and co-funding partnership with Industrial Processors and FMCG companies. • Commercialization of black farmers into “Protein” value chain. • Re-establish former irrigation schemes. • Commercialization of arable restituted land. • M&A capability enhancements.	• Continue on the drive on localisation as per the CTFL master plan and build on the progress made in this sector. • Enhanced investment in local spinning capacity. • Investment into textile value chain that supports the reduced working capital requirement for garment manufacturers: i.e.: (i) Weaving capacity, and (ii) dye and finishing capacity. • Sustainability initiatives with water recycling and alternate energy solutions being followed. • Niche manufacturing activities e.g. denim • Natural fibre beneficiation i.e.: wool and mohair. • Continued transformation of saw milling sector through acquisitions by BI’s.	• Medical: SBU to continue executing the pipeline of medicinal cannabis and medical consumables: including syringes and nitrile products. • Oil and Gas: restart of Gas project in Mossel Bay and participation in Gas projects in Mozambique. • Gas projects in Namibia. • Fertilizers: coal to chemicals, green ammonia projects which support downstream fertiliser production. • Water: Multiple Projects in the water treatment sector. • Industrial Minerals: Various projects in the mineral processing sector.
Sector	**Mining & Metals**	**Machinery, Equipment and Electronics (MEE)**	**Automotive and Equipment**
	• Focus on implementation of critical minerals game plan; transactions in the mining to focus more on equity transaction with a right to off-take to develop downstream industries in RSA. • Immediate investments being pursued in graphite, copper, platinum, vanadium & rare earths. • Focus on steel fabricated products for renewable energy value chain. • Decarbonisation challenges and opportunities of mining companies. • Implementation of Steel Master Plan while reducing exposure to riskier investments in sector (consolidation required).	• Mining: Credit line to foreign bank / DFI to support export of SA capital goods. End User finance support to stimulate market demand for local OEMS. Continued support of Black owned companies in the mining sector. • Renewables: Focus on additional Solar Assembly plant (400MW) and Battery assembly funding. Based on demand will consider Battery cell manufacture. Engagement with Tier 1 and Tier 2 manufacturers in Solar, Inverter and Renewable components. • Electronics: Supporting Black-owned companies’ expansion and transformation in the sector. • Transmission: Identified transformers, Insulators and conductors. Engagement in place to support these suppliers with Work Capital and capex once transmission plan is implemented. Supporting maintenance of only class 3b transformer manufacturer.	• A strong focus on developing the New Energy Vehicle (NEV) segment will ensure global relevance. • Partnership with existing OEMs on their NEV strategies. NEV value chain projects. (components). In the NEV space the focus is on manufacturing opportunities for local OEMs and Non-Commercial vehicles – public transport & last-mile logistics. • Supplier Park Project – Coega SEZ Supplier Park Project with Projects Department. • Local vehicle OEM assembly plant. • Rail Sector opportunity for Rolling Stock. • Transformation and localization initiatives in the rail sector. • Opportunities to fund transformation and localisation initiatives in line with the Oceans Economy masterplan.
Sector	**Energy**	**Infrastructure**	**Services**
	• C&I POM: Commercial & Industrial Portfolio Offtake Model: Fast-tracked construction of utility-scale renewable energy projects. • Energy Resilience Scheme: Rapid deployment (via ESCOs) of embedded generation & storage solutions to SMEs to address load-shedding. • Grid: Support co-development of a PPP business model/s to help increase grid capacity to unlock stranded renewable energy IPP projects & start co-funding. • Gas-to-Power: Co-fund projects to ensure alternative baseload capacity.	• Supporting the relevant SOCs to address the shortcomings in the national and regional logistics system (rail, ports, road) including the various support interventions for the rehabilitation and maintenance of existing infrastructure. • High-level alignment with the leadership of SOEs. • Finalisation of SOE investment guidelines and limits. • New funding models through concessions and PPP structures. • Participate in large dam Management Programme.	**Tourism** • Diversification of IDC’s Tourism portfolio towards investments targeted at leisure tourism which has shown resilience and strong growth. (e.g. game & beach lodges; glamping). • Focus on development of tourist attractions (Skywalk feasibility study being finalised). • Cabinet recently approved the resuscitation of the Tourism Equity Fund which will result in increased investment in black owned businesses.

	• BEE EnerCo: Provide HoldCo funding to transformed EnerCos to facilitate their growth to enable them to compete with foreign IPPs. • REI4P and C&I single off-taker: Focus on filling the gap instead of competing with other funders / banks. • Participation in the Eskom Transmission Development Program - unlock capacity through upgrades and new infrastructure development as well as through leveraging existing and attracting new investments on the supply-side in machinery, equipment and metal components.	• Supporting road agencies to increase capacity on key export routes. • Continue to support EPC for both the REIPP and Eskom Transmission high impact job creation in areas outside key metros. • Identify and support black entrants into the Telecoms sector.	**Media** • Tailored financial support for local production houses with multiple projects. • Attracting international productions to South Africa and supporting ownership of the global IP by South Africans. • Development of international film studios. **Healthcare** • Explore funding for Diagnostic centres, Wellness centres (including mental health), and day hospitals. • Potential funding of doctors' shareholding in hospitals to ensure continued support to the hospital sector. • Adoption of technology- HealthTech and Telemedicine – e.g., virtual ICU.

ANNEXURE B: FINANCIAL STATEMENTS FORECASTS – IDC GROUP

Balance Sheet Forecasts

	2024	2025	2026	2027	2028	2029
ASSETS						
Shares	39 608	46 271	52 136	59 235	66 658	73 559
Loans and Advances	60 998	67 543	73 324	79 325	87 258	94 505
Provision for d/debts & impairments	(22 301)	(23 039)	(23 227)	(23 006)	(23 464)	(25 627)
Financing at book value	**78 305**	**90 775**	**102 233**	**115 554**	**130 451**	**142 437**
Fair value adjustment	66 365	68 357	69 713	70 682	73 813	75 875
FINANCING - EXTERNAL	28 047	25 508	22 488	22 414	23 224	25 153
Other assets	18 129	20 122	19 925	20 062	21 003	23 281
Money market investments	9 918	5 304	2 563	2 352	2 221	1 872
TOTAL ASSETS	**172 716**	**184 640**	**194 435**	**208 650**	**227 488**	**243 465**
BORROWINGS	29 845	34 377	40 685	44 644	52 240	59 701
Bank loans	6 933	7 707	5 627	9 666	18 053	25 617
Medium Term Notes	7 840	9 501	17 250	21 606	21 556	20 556
Unemployment Insurance Fund	4 071	3 071	2 071	2 071	1 000	1 000
PIC Green Bond	4 770	4 770	4 770	-	-	-
Third party funds & funds held in trust	566	566	566	566	566	566
Foreign currency - based	5 665	8 858	10 507	10 735	11 065	11 962
Deferred tax	6 494	6 794	6 938	8 054	8 350	8 600
Other liabilities	17 571	17 862	6 160	7 931	7 547	6 517
EXTERNAL FUNDING	53 910	59 129	53 894	60 629	68 136	74 818
Share capital	1 393	1 393	1 393	1 393	1 393	1 393
Reserves	118 891	125 468	139 147	146 628	157 958	167 254
SHAREHOLDER'S FUNDS	120 284	126 861	140 540	148 021	159 352	168 647
TOTAL FUNDS	**172 716**	**184 640**	**194 435**	**208 650**	**227 488**	**243 465**

Income Statement Forecasts

	2024	2025	2026	2027	2028	2029
Financing income	17 322	28 283	27 677	28 237	31 563	33 151
Dividend income	6 189	6 142	7 406	6 532	7 603	8 217
Interest income	6 183	7 153	6 953	7 516	8 009	8 420
Other income	4 950	14 989	13 317	14 189	15 950	16 514
Money market investment income	892	124	484	558	494	76
Total Income	18 214	28 407	28 161	28 795	32 057	33 227
Borrowing costs	(2 153)	(3 112)	(3 231)	(4 018)	(4 707)	(5 831)
Net interest, dividends & fees	16 061	25 295	24 930	24 776	27 350	27 396
Administration costs	(6 218)	(15 482)	(12 534)	(13 131)	(14 283)	(14 818)
Operating expenses	(5 857)	(15 052)	(12 360)	(12 949)	(14 093)	(14 619)
Social and special enterprise cost	(360)	(599)	(174)	(182)	(190)	(199)
Project costs - general	(150)	(333)	(347)	(363)	(380)	(398)
Impairments and write offs	(2 211)	(742)	(1 311)	(676)	(293)	(1 962)
NET OPERATING INCOME BEFORE TAX	6 430	7 430	9 162	8 960	10 643	8 379
Taxation on operating income	(273)	(635)	(1 282)	(972)	(1 135)	(648)
NET OPERATING INCOME AFTER TAX	**6 157**	**6 795**	**7 881**	**7 988**	**9 508**	**7 731**

Forecasted Funds Flow Statement

	2024	2025	2026	2027	2028	2029
Total Financing Advances	17 033	21 050	22 045	23 033	24 185	25 152
Advances: Equity	2 483	7 281	7 497	7 831	8 223	8 552
Advances: Loans	14 551	13 768	14 548	15 202	15 962	16 601
Borrowings repaid	6 612	6 120	4 999	7 713	3 208	2 107
Tax paid	1 285	663	1 320	1 030	1 084	624
OUTFLOW	**24 930**	**27 834**	**28 364**	**31 776**	**28 477**	**27 883**
Internal funds generated	16 232	11 774	13 778	19 763	17 022	16 086
Repayments received	10 423	10 821	11 077	13 323	12 202	13 938
Net income before tax	5 809	953	2 701	6 440	4 820	2 148
External funds raised	5 898	11 001	11 413	11 347	10 887	10 609
Proceeds from sale of shares	692	450	438	481	438	838
INFLOW	**22 822**	**23 225**	**25 629**	**31 590**	**28 347**	**27 534**
NET (OUTFLOW)/INFLOW	**(2 109)**	**(4 614)**	**(2 742)**	**(211)**	**(130)**	**(349)**

ANNEXURE C: BORROWING PROGRAMME

Debt Funding Sources	Approved Borrowings (R'm) FY2024	Proposed Borrowings (R'm) FY2025
		Base Case
Domestic borrowings	**7 500**	**8 820**
Public bonds (including sustainability bonds)	1 500	2 000
Public entities (UIF/PIC)	1 500	1 000
DFIs & Multilateral agencies	1 000	1 300
Bank loans	1 500	2 850
Private placements bonds	2 000	1 670
Foreign borrowings	**4 000**	**2 100**
DFIs & Multilateral agencies	2 500	700
Bank loans	1 500	1 400
Total borrowings	**11 500**	**10 920**

ANNEXURE D: IDC BOARD OF DIRECTORS

Name	BA Mabuza (Chairperson)	D Jarvis – Interim CEO (Managing Director)	LI Bethlehem	PM Mthethwa	ND Orleyn (Adv)
Gender	Female	Male	Female	Female	Female
Race	African	White	White	African	African
Qualifications	BA (Mathematics and Computer Science) (Hunter College, City University of NY), MBA (Finance and Information Systems) (Leonard Stern School of Business, NYU)	BSoc Sci (Hons) (UKZN), Masters in Industrial Organisational and Labour Studies (UKZN)	BA (Hons) (Industrial Sociology) (Wits); Master of Arts (Wits); Certificate in Economics and Public Finance (Unisa)	BA (Economics) (University of the North), MSc (Economics) (University of Paris), MBA (Corporate Finance) (University of Sheffield)	B-Proc (UNISA), B Juris (University of Fort Hare) LLB (UNISA) LLM (Wits) Certificate in Energy Law, Executive Management Programme (Kellogg Business School)
Appointment Date	November 2011	2013	October 2008	November 2011	February 2015

Name	BA Dames	SM Magwentshu-Rensburg (Dr)	A Kriel	RM Godsell	NP Mnxasana
Gender	Male	Female	Male	Male	Female
Race	Coloured	African	Coloured	White	African
Qualifications	BSc (Hons) (University of Western Cape); MBA (Samford University); Graduate Diploma in Utility Management (Samford University)	BA (Management – Accounting and Business Administration) (Webster University, Vienna); MBA (Webster University, London); DPhil (Business Management) (UJ)	BSocSci (UCT)	MA (Liberal Ethics) (University of Cape Town), Postgraduate studies (Sociology and Philosophy) (Leiden University), BA (Sociology and Philosophy) (UKZN)	B Compt (Hons) (UNISA), CA (SA)
Appointment Date	November 2011	November 2011	April 2016	November 2011	February 2015

ANNEXURE E: BOARD COMMITTEES

BOARD OF DIRECTORS

The Corporation has a unitary Board structure, currently comprising one executive and 11 non-executive directors. This enables the Board to obtain the desired level of objectivity and independence in Board deliberations and decision-making. The Board is assisted by board committees, duly formed considering the guidelines in King IV Report on Corporate Governance and the Public Finance Management Act.

The size of the Board is provided for in Section 6 (2) of the Industrial Development Corporation Act, No. 22 of 1940 ('IDC Act'), as amended, which permits a minimum of five and a maximum of 15 directors appointed by the Executive Authority. In line with the recommendations of King IV, the positions of Chairman and Chief Executive Officer are separately held to ensure a clear division of duties.

The Directors have diverse backgrounds and expertise to ensure a balance of skills, or wide range and appropriate mix of skills, facilitating independent judgement and effective deliberations in the decision-making process whilst pursuing the Corporation's strategic objectives.

The Board has a charter which is regularly reviewed. The Board Charter sets out the Board's responsibilities which include the adoption of strategic plans, developing a clear definition of materiality, monitoring of operational performance and management, determination of policy processes to ensure the integrity of the Corporation's risk management and internal controls, communication policy, and director selection, orientation, and evaluation. The Board Charter is supported by the IDC Act and Regulations.

The Board also considers transactions that will result in any risk limit, including the counterparty limit being breached.

The Board has established five sub-committees, being the Investment Committee, Human Capital and Nominations Committee, Audit Committee, Risk and Sustainability Committee, and Social and Ethics Committee, all of which are ultimately accountable to the Board.

Board Investment Committee (BIC)-

The purpose of the Board Investment Committee (BIC) is to act on behalf of the Board by considering transactions mandated to it by the Board which would, prior to the creation of the committee, vest with the Board. The BIC considers transactions where IDC transaction exposure is above R250 million and/or the counterparty exposure is between R1 billion and R7 billion. The BIC also considers transactions where the sector, transaction and/or regional limit, or the counterparty limit is breached, and it makes recommendations to the Board.

Board Human Capital and Nominations Committee (BHCNC)

The main objective of the Human Capital and Nominations Committee (BHCNC) is to assist the Board in the development of compensation policies, plans and performance goals, as well as specific compensation levels for the IDC. The BHCNC manages the Board's annual evaluation of the performance of the Chief Executive Officer and assists the Board in fulfilling its oversight responsibilities relating to succession planning as well as overall compensation and human capital policies for all IDC employees.

Board Audit Committee (BAC)

In terms of the Companies Act it is mandatory for state-owned companies to appoint an audit committee. The Audit Committee is therefore a statutory committee, and its members were appointed by the Executive Authority at the Corporation's last annual general meeting.

The committee monitors the adequacy of financial controls and reporting; reviews audit plans and adherence to these by external and internal auditors; ascertains the reliability of the audit; ensures that financial reporting complies with IFRS and the Companies Act; ensures the integrity of integrated reporting; ensures that there are effective measures in place on Information Technology risks as they relate to financial reporting; reviews and makes recommendations on all financial matters; and recommends the appointment and removal of auditors to the Board.

Board Risk and Sustainability Committee (BR&SC)

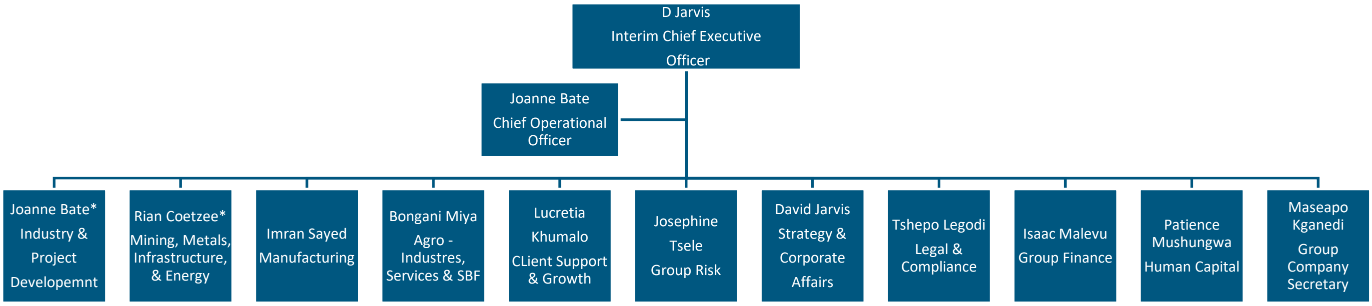
The primary duty of the Board Risk and Sustainability Committee is the governance of risk. It also assists the Board to determine the maximum mandate levels for the various Credit and Assets and Liabilities Committee decisions and reviews the effectiveness of the risk management process. The committee assists management with the responsible stewardship of sustainability, including stakeholder impact, management of material issues, sustainability governance and reporting.

Board Social and Ethics Committee (BSEC)

In terms of the Companies Act, Regulations 43(1) (c), it is provided that “a Social and Ethics committees must be established for every state-owned company”. The main purpose of the BSEC is to advise the Board generally on corporate governance and ethics matters. The BSEC aims to promote the ideals of corporate fairness, transparency, and accountability as well as to assist the Board in vetting funding applications, projects, and any matter in which a director of the IDC has an interest.

ANNEXURE F: EXECUTIVE MANAGEMENT

Figure 8: Executive Structure



***Acting**

Vacant: Chief Executive Officer
Recruitment underway

DA Jarvis: Interim Chief Executive Officer, Divisional Executive – Strategy and Corporate Affairs
BSoc Sci (Hons) (UKZN), Masters in Industrial Organisational and Labour Studies (UKZN)
Joined the IDC in 2013 and was appointed to Executive Management in 2015.
(Gender: Male; Race: White)

I Malevu: Chief Financial Officer
BCom (Wits), Accounting (Hons) University of Natal, CA (SA)
GIBS leadership program
Senior Executive Development Program (London Business (London Business School)
Joined the IDC and was appointed to Executive Management in 2020.
(Gender: Male; Race: African)

J Bate: Chief Operations Officer
BCom (Hons) Taxation (Wits), CA(SA)
Joined the IDC and was appointed to Executive Management in 2020.
(Gender: Female; Race: White)

Vacant – Industry and Project Development
Recruitment Underway

J Tsele: Chief Risk Officer
Bachelor of Arts (Hons) Economics and Government (University of Essex – UK) 1992
Certificate Programme in Finance and Accounting (Wits Business School).
Global Masters in Business of Administration (GMBA) (Cum Laude), (Bayes Business School (formerly CASS), City, University of London)
Joined IDC and was appointed to Executive Management in 2020.
(Gender: Female; Race: African)

Vacant – Mining, Metals, Infrastructure and Energy
Recruitment underway

Bongani Miya: Divisional Executive – Agro-industries, Services, and Small Business Finance
BSc. Mathematics and Econometrics, Wits University, 2004,

Private Equity Executive Course, Harvard Business School, 2018.
Joined the IDC and was appointed to Executive Management in 2022.
(Gender: Male; Race: African)

I Sayed: Divisional Executive – Manufacturing
B Com (University of KwaZulu-Natal), B Com (Hons) (University of South Africa), Executive Development Programme (University of Stellenbosch)
Joined IDC and was appointed to Executive Management in 2021.
(Gender: Male; Race: Indian)

T Legodi: General Counsel and Divisional Executive – Legal and Compliance
BA Law LLB (University of Natal), LLM (Tax) (University of Johannesburg), Programme for Management Excellence (GIBS), Mining and Minerals Technology & Business Overview Programme (University of Johannesburg)
Joined IDC in 2017 and appointed to Executive Management in 2021.
(Gender: Female; Race: African)

TL Khumalo: Divisional Executive – Client Support and Growth
BSc Electrical Engineering (Wits), MBA (UCT)
International Leadership Development Programme (Advanced Management Programme) (Harvard Business School)
Joined the IDC and was appointed to Executive Management in 2018.
(Gender: Female; Race: African)

TP Mushungwa: Divisional Executive – Human Capital
BAdmin (UDW), BAdmin Hons (UNISA), Programme in Business Leadership (UNISA School of Business Leadership)
Joined the IDC and was appointed to Executive Management in 2019.
(Gender: Female; Race: African)

M Kganedi: Group Company Secretary
LLM (University of Johannesburg), LLB (University of Johannesburg), BProc (Law) (University of Johannesburg), Diploma in Legislative Drafting (University of Johannesburg),
Certificate in Pension Law, Certificate in Corporate Governance (UNISA)
Joined the IDC and was appointed to Executive Management in 2022.
(Gender: Female; Race: African)

ANNEXURE G: DIVIDEND POLICY

IDC continues to support the requirements of the government's industrialisation policy through disbursements into the economy. There has been an improvement in the IDC's financial position but a decision on the payment of dividends will be made as the financial results for the 2023/24 financial year are finalised.

ANNEXURE H: MATERIALITY AND SIGNIFICANCE FRAMEWORK

MATERIALITY LEVELS FOR REPORTING IN TERMS OF SECTION 55(2)(B)(I) OF THE PFMA

Section 55(2)(b)(i) of the PFMA states that the annual report and financial statements should include particulars of any material losses through criminal conduct and irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year. The term material has not been defined in the Act. The IDC adopted a definition in terms of the monetary impact for the purposes of this section as R40 million.

The IDC will monitor and take appropriate action for all losses through criminal conduct and irregular and fruitless and wasteful expenditure that occurred during the year.

The IDC will, however, only report any losses through criminal conduct and irregular expenditure and fruitless and wasteful expenditure in excess of R40 million in its annual report and financial statements.

The R40 million is below the IDC's Group audit materiality as determined by the external auditors.

SIGNIFICANCE LEVELS RELATED TO SECTIONS 51(1)(G) AND 54(2) OF THE PFMA

Sections 51(1)(g) and 54(2) of the PFMA read in conjunction with the related practice note requires the use of a significance framework. Based on the guidelines in the practice note and after evaluating the total assets, total revenue, and profit after tax for the IDC Group, a significance level of R500 million has been adopted.

ANNEXURE I: STRATEGIC RISKS AND GOVERNANCE

RISK MANAGEMENT FRAMEWORK

The Enterprise Risk Management Framework (ERMF) provides clear direction on managing risks that may prevent IDC from meeting its goals. The ERMF is aligned to the principles of good corporate governance and based upon internally and externally verified best practice. The IDC recognises the need to proactively maximise its mandate of development impact through effective and sustainable industrial development in South Africa and across the continent. The Corporation further recognises that it engages in operations that may carry significant risks but also that all deals are considered strictly on their economic merits. It therefore has a robust Enterprise Risk Management process for identifying, assessing, and appropriately mitigating any risks that may affect its ability to achieve its strategic objectives.

Risk Assessment Process

The components of the IDC's risk assessment process are illustrated and explained below.

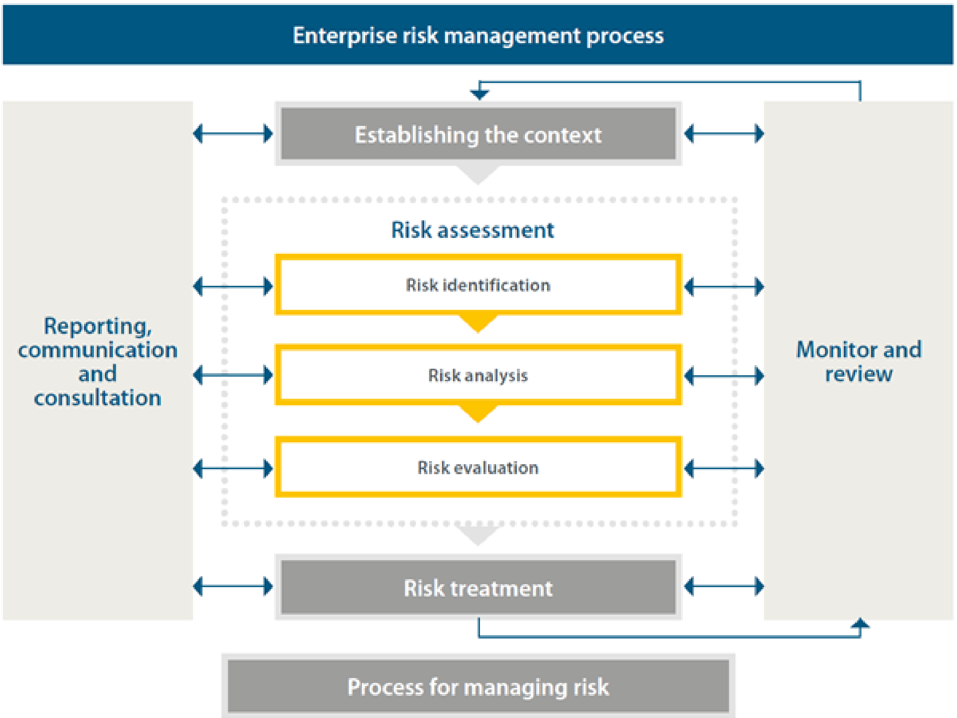


Figure 9: Schematic of the Risk Assessment Process

Establishing the Risk Assessment Context

This aspect provides perspective and assists with understanding the nature of the impact of the risk on the business, including the critical strategic, financial, governance, operational and IT governance risks we face.

Risk Assessment

The risk assessment process enables management to gain an understanding not only of the probability that a risk may materialise but also its impact on the Corporation. The risk assessment methodology provides management with a portfolio view of risks (i.e., a risk profile). The risk assessment process is broken down into the following phases:

- Risk identification – the process of considering the causes and sources of the risk, and its positive and negative consequences.
- Risk analysis – the process of considering the risk's potential positive and/or negative consequences, and the probability of those consequences occurring.
- Risk evaluation – the process which compares the risks against risk evaluation criteria, resulting in a map of risk priorities.

Risk treatment

The objective of risk treatment is to determine how the IDC should respond to events and associated risks. The IDC's risk response strategies can broadly be categorised as follows:

- Terminate: eliminate, redesign, avoid or substitute the threat
- Transfer: where possible and advantageous move the threat to another party
- Treat (further): mitigate or control the threat by implementing additional measures to reduce the likelihood and/or consequence before the threat materialises
- Tolerate: retain the threat after careful consideration of its consequences for a predefined duration

Risk reporting and escalation

It is important to keep the Board, executive management, the Board Risk and Sustainability Committee and the Board Audit Committee abreast of key risks and the actions resulting from risk management activities. This component of the framework outlines the process for reporting risk management information to these governance entities on a consistent and timely basis. The IDC Board is the ultimate custodian and steward of the IDC risk appetite and approves the appropriate parameters for risk management.

Monitor and review

Monitoring refers to the consistent application of the ERM Framework across the Corporation, the effectiveness of the ERM policies and procedures, as well as the identification of weaknesses demanding corrective action.

Communication and consultation

Effective communication and consultation increase the awareness of the Risk Management Programmes. Workshops are held with relevant stakeholders and risk owners to assess and discuss the strategic risks.

Strategic Risks

The table below indicates the IDC's 12 key strategic risks that have been identified and assessed by management. These risks are aligned to the IDC's strategic objectives to ensure that they are governed in a way that supports the Corporation in setting and achieving its strategic objectives and are assured through annual control testing, and quarterly Key Risk and Control Indicator Monitoring.

Risk name and description	Risk mitigation
Strategic pillar: **Increased industrial development**	
1. Macro-economic conditions and developments Adverse macro-economic conditions (domestically and/or globally) and/or sovereign credit downgrades affecting the IDC's business and its ability to achieve strategic targets	• Continuous monitoring of economic developments globally and domestically • Monitoring of sectorial developments through output indicators. (Manufacturing, Mining, Agriculture, Services) - Sector Trends reports, summary performances per SBU. • Monitoring of client quarterly performance indicators (IMC). • Annual scenario analysis and impact on IDC contingency plans. • Research and analysis of economic, political, industrial and other pertinent developments…
2. Developmental impact risk Strategy implementation failures, resulting in the IDC not meeting its strategic objectives and having the desired developmental impact	• Preferential pricing given to black industrialists. • Special schemes for youth and women • Corporate and strategic business unit targets set for funding to black industrialists, youth and women, and localisation. • Black industrialist framework in place • IDC participation in **the dtic** incentive forums for black industrialists • Internal SME focus through regions.
Strategic pillar: Maintain financial stability	
3. Concentration risk Concentration in the IDC's portfolio, affecting diversification, dividend income and strength of the balance sheet	• Tracking, monitoring and forecasting of the portfolio against set targets limits. • Ongoing analysis and monitoring of investments by Client Support Growth & Risk teams. • Exceptions & deviations to set limits are recommended & presented to Exco and Board for approval. • Diversification Strategies
4. Significant investments risk Financial viability of significant investments and their ability to deliver effectively on their required strategy	• Continuous monitoring of performance of subsidiary and significant investment performance.
5. Credit and investment portfolio risk Non-payment by the IDC's business partners and non-recoverability of investments	• Well-defined Credit and Investment Policy and approved Delegation of Authority mandate in place to manage investment decisioning. • Risk Appetite Framework ensures adherence to risk tolerance levels. • Deal Development Forum (DDF) provides guidance to assess quality and impact of deals at onset and Portfolio Monitoring Technical Forum (PMTF) facilitates a detailed and holistic client level monitoring at project implementation. • Manage risk (Including Impairments and NPL) through monthly Management and Quarterly Investment Monitoring Committee (IMC) meetings to ensure that appropriate intervention strategies are in place to address existing and on-set risks. • Business support given to business partners to address specific identified deficiencies. • Implementation and monitoring of impairment interventions by Exco and Board Risk and Sustainability Committee (BRSC). • Impairment Reduction Strategy developed and continually implemented. • Post Investment monitoring of client performance and collections
6. Liquidity and funding risk The IDC is unable to maintain or generate sufficient cash resources to meet its payment obligations and fund transactions	• Robust policies, models, methodologies and governance structures. • Funding plan rigorously managed across different areas. • Strong and enhanced relationship with funders/sources of capital. • Liquidity cash preservation processes and weekly meetings.

Risk name and description	Risk mitigation
	• Co-funding arrangements with other financial institutions. • Prioritisation and close monitoring of disbursements and collections.
Strategic pillar: Human, social, natural and manufactured capital	
7. People risk/organisational culture risk Failure to recruit, develop and retain the best talent and create a conducive work environment that enables high-performance and client-service culture	• Implementation of Culture Transformation Plan • Continuing rollout of change management, supportive of the new organisational design. • Effective performance and consequence management. • Leadership capacitation to support culture transformation. • Knowledge management program to retain 'corporate memory.' • Workplace skills plan and individual development plans • Service level charter.
8. Governance, ethical conduct and behaviour Non-adherence to good corporate governance standards and the risk of internal/external financial crime, including unethical business practices and behaviour	• Robust corporate governance framework. • Code of Business Ethics and Conduct. • Whistleblowing Policy and 'Tip-offs Anonymous' process • Annual conflict of interest review • Delinquent register. • Application of funding reviews. • Publication of all approvals. • Delegation of authority. • Systems and Procedures Committee.
9. Reputational risk Potential or actual damage to the IDC's image through factors (negative media reports) that may impair the profitability and sustainability of the business	• Close and proactive monitoring of key IDC stories in the media • Tight management of client complaints • Ongoing engagement with key stakeholders to provide updates and clarity on IDC key strategic initiatives. • Marketing and communication campaigns that create awareness of IDC's funding initiatives. • Strong relationships with media houses and key journalists • Ongoing engagements with journalists who follow and report on the IDC • Social Media Policy
10. Legal and regulatory compliance IDC and business partners not meeting their legal/contractual and regulatory requirements	• Legal due diligence performed on all clients. • Compliance training on key legislation for all staff • Monitoring of funding agreements and reporting on breaches • Regulatory Universe to identify and document all laws applicable to IDC. • Compliance Policy and Annual Compliance Program (Compliance monitoring and Training plan).
11. Business continuity and Information Technology risk Business disruption due to an internal or external business continuity or IT-security-related event	• Business Continuity and Crisis Management plans. • IT security awareness and training. • Review, testing and update of approved plans
11B. SR11B- Cyber Security Risk The risk of loss, disruption, or damage to the reputation of IDC due to ransomware, phishing, data leakage, hacking etc.	• Antivirus software • Daily monitoring by IT governance and network teams • Vulnerability assessments and Penetration testing • Cybersecurity awareness and training. • Endpoint protection and advanced threat intelligence software • Adequate and flexible budget support for any emergency.

Risk name and description	Risk mitigation
12. Sustainability and responsible investment risk Inadequate strategies to address ESG risks and achieving low carbon footprint by reducing concentration on carbon-intensive investments	• Responsible Investment policy highlights key principles and guidelines on sustainability and responsible investment issues. • Input into the Due Diligence process covers ESG related considerations. • ESG related issues reviewed by relevant Investment Approval Committee • Adoption of continuous learning and enhancement standpoint

ANNEXURE J: FINANCIAL CRIME PREVENTION POLICY AND PLAN

POLICY ON FINANCIAL CRIME AND ASSOCIATED IRREGULAR CONDUCT

The Financial Crime Prevention Policy sets out the Corporations stance on financial crime, associated irregular conduct and the reporting thereof. Hereinafter, all references to the concept financial crime should be read to include the acts of theft, corruption, fraud and associated irregular conduct. The policy was established to facilitate the development of controls that will aid in the detection, prevention, investigation, and the reporting of fraud against the Corporation. It is therefore the intent of the Corporation to promote consistent organisational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

1 POLICY STATEMENT

Financial crime represents a significant risk to the IDC, its business operations, and all other relevant stakeholders. The IDC will not tolerate fraudulent or corrupt activities, whether internal or external. It will pursue, prosecute, and take appropriate action against any parties, which engage in such practices or attempt to do so.

The objectives of this policy are to:

1. Engender and promote an attitude of honesty and integrity in the IDC.
2. Encourage and enable all IDC stakeholders to report any improper or suspicious conduct.
3. Reassure all IDC stakeholders that they are protected from any reprisals or victimization because of a bona fide and protected disclosure.
4. Ensure that every genuine disclosure of improper conduct is investigated, and appropriate is taken where necessary.
5. Facilitate the establishment of a culture of disclosure to prevent financial crime or improper conduct from occurring and
6. Provide a platform for anonymous reporting of any improper conduct and or financial crime.

2 BACKGROUND

The IDC subscribes to the principles of good corporate governance, which requires the conducting of business honestly and transparently. Accordingly, the IDC had adopted the policy, to strengthen a culture of honesty, reliability, transparency, and care amongst all stakeholders (internal and external).

The provisions of Section 51(1)(b)(ii) of the Public Finance Management Act 1 of 1999 (PFMA) stipulates that the Accounting Authority must take effective and appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity.

Treasury Regulations sections 3.2.1 read with section 27.2.1 the accounting authority must facilitate a risk assessment to determine the material risks to which the institution may be exposed and to evaluate the strategy for managing these risks. Such a strategy must include a financial crime risk management policy. The strategy must be communicated to all employees and stakeholders to ensure that financial crime risk management is incorporated into the IDC’s language and culture.

The policy sets out the IDC stance against financial crimes and the reporting thereof. As such, the prescripts of the policy have been integrated into and synchronised with the overall business strategies of the IDC

Strategic Business Units as well as the supporting departments. In that way, the policy will facilitate the effective management of financial crime risk activities and ensure that all financial crime incidences are attended to in a coherent and integrated manner, whilst promoting ethical conduct.

The protection of whistle-blowers in terms of the Protected Disclosure Act 26 of 2000 (PDA) is a key enabler of any financial crime risk management strategy. PDA makes provision for employees and all stakeholders to report unlawful, irregular conduct or any improper conduct or suspected financial crime activities by employees and all stakeholders while providing for the protection against the occupational detriment of anyone who blows the whistle on such activities.

3 SCOPE OF THE POLICY

This policy applies to any actual or suspected irregularity involving IDC assets by employees, suppliers, contractors, business partners, and /or any other parties with a business relationship with the Corporation

Zero Tolerance to financial crime as referred above under the purpose serves as the basis of the IDC financial crime policy. Reported financial crime activities will be investigated and followed up by the application of all remedies available within the full extent of the law as well as the application of appropriate prevention and detection controls. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies, procedures, rules, and processes of the IDC.

In addition, Internal Audit Department (IAD) will conduct awareness of this policy amongst IDC employees, contractors, business partners.

4 THE RESPONSE PLAN TO FINANCIAL CRIME RISK MANAGEMENT

The IDC has adopted the policy to create and promote a culture of honesty and integrity. The aim is to encourage and enable employees and stakeholders to report any improper conduct and to reassure employees and stakeholders that they are protected from any reprisals or victimisation because of a *bona fide* and protected disclosure. Moreover, these mechanisms will facilitate the establishment of a culture of disclosure and provide a platform for anonymous reporting of any improper conduct, the investigation and taking of appropriate action where necessary.

4.1 PREVENTION PROGRAMMES

The most effective ways to deal with the problem of financial crime is to adopt methods that will decrease motive, restrict opportunity, and limit the ability of potential offenders to rationalise their actions. The aim of preventative controls is to reduce opportunity and eradicate temptation from potential offenders. Prevention techniques include the introduction and implementation of policies, procedures and controls, and activities such as training and financial crime awareness. The details of the role players and the activities that they perform to prevent financial crimes at the IDC are listed in the table below:

No	Department	Role
5.1.1		i. Investment appraisal processes/ due diligence ii. Cross-verification of information received from applicants iii. Technical due diligence iv. Marketing due diligence and v. Financial due diligence vi. Applications of funds review vii. Legal due diligence
5.1.2	Compliance and Regulatory Affairs	Compliance with anti-money laundering and financial crime prevention legislative regimes that are pertinent to the IDCs financing activities, they conduct:

No	Department	Role
		i. Customer Due Diligence by performing AML and Sanctions background screening. ii. FICA verification i.e., collecting ''Know Your Client'' documentation. iii. Reviews of the IDCs financial crime prevention and detection control environment including adherence to the requirements of the Public Finance Management Act No.1 of 1991 and related Treasury Regulations and Notices.
5.1.3	Financial Management	Accounting and operational policies that are designed to prevent commercial crimes including. i. strict verification of banking details before disbursements, ii. segregation of duties in vendor creation, iii. invoice verification, iv. the detection of duplicate payments, v. the reconciliations of Electronic Funds Transfer (EFT), petty cash payments and all bank accounts, vi. the prevention, detection and reporting of unauthorised, irregular, and fruitless and wasteful expenditure etc.
5.1.4	IT Department	i. Prevent cybersecurity threats and or financial crime that may result in financial loss. ii. Develop and implement of a cybersecurity policy iii. Protection of critical information infrastructure, situational analysis and iv. Conduct awareness campaign concerning the cybercrime threats.
5.1.5	Procurement Department	All employees must adhere to the procurement policies during the procurement process by: i. complying with the prescripts of the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004. ii. setting ethical standards for all IDC employees who are involved in the procurement of goods and services. iii. fair dealing and integrity in the conducting of its procurement activities. iv. engaging with suppliers in a manner that encourages good supplier relations. v. promoting competition and in compliance with the law.
5.1.6	Human Capital	i. The appointment of any employee is preceded by relevant background check6.1.10 Employment Practices. ii. To protect the IDC and its client's information employees are prohibited from divulging or communicating to any persons/s or organisation or make use of any information which they may acquire in relation to the corporation's property, trade, business or general affairs or any trade secret of the working of any process or invention carried on or used in the corporation's business. iii. Managing and implementing disciplinary code and procedure where applicable.

No	Department	Role
5.1.7	Corporate Secretariat	Maintains policies that are aimed at enhancing efforts in the fight against financial crime: i.e. i. Code of Business Ethics and Conduct. ii. Corporate Governance Framework for Subsidiaries and Investee Companies. iii. Board of Directors Conflict of Interest Policy. iv. Corporate Governance Framework for Financing Subsidiaries; and v. Delinquent Register.
5.1.8	Facilities Management	Physical Security: • at the IDC Head Office and Regions, • Mothballed factories and other IDC assets

4.2 DETECTION PROGRAMMES

The primary responsibility for detecting financial crime lies with management through the implementation, documentation, and operation of effective systems of internal control.

No	Department	Role
5.2.1	Client Support and Growth	After disbursement of the approved loan the IDC conducts post investment activities aimed at detecting financial crimes through: i. business partner (client) review, ii. monitoring of undertakings, iii. reviewing of annual financial statements, management accounts, iv. conducting application of funds review.
5.2.2	Internal Audit (IAD)	IAD conducts risks assessment process in performing an audit, as per the Institute of Internal Auditors (IIA) standards i.e. • exercise due professional care by considering amongst others the probability of significant errors, financial crime, or noncompliance with laws and regulations and • assesses the potential for the occurrence of financial crime in all audited areas.
5.2.3	Financial Crime Risk Awareness and Training	Training and awareness related to financial crimes is provided to all employees and business partners on an annual basis.

4.3 INVESTIGATION PROCEDURES

The financial crime response plan is a formal means of setting down the arrangements which are in place for dealing with detected or suspected criminal cases. It is intended to provide procedures that allow for evidence gathering and collation in a manner that will facilitate informed decision-making while ensuring that evidence gathered will be admissible in the event of any, disciplinary hearing, civil or criminal action including internal blacklisting.

No	Department	Role
5.3.1	Investigation of incidents reported	Once a financial crime report has been received by IAD, it will be evaluated and depending on the merits the matter will be rejected or investigated accordingly. In some instances, an investigation or part thereof may be outsourced.
5.3.2	Investigation procedure	Include but not limited to the collection of direct, physical, and circumstantial evidence and analysis of documentary, video, audio, photographic, electronic information, or any other related material, conducting interviews and any other investigative techniques as necessary to conduct the investigation.
5.3.3	Failure to report	• Employees will be subjected to the disciplinary procedures • Other stakeholders may be listed in the IDC Delinquent register, or possible legal action will be instituted.

4.4 REPORTING AND ESCALATION OF REPORTED INCIDENTS

If a whistle-blower or any stakeholder who had reported an incident using any of the channels listed below does not get acknowledgement within a period of 21 day of receiving the compliant, they may escalate the incident to the next level as detailed below. If there is an investigation the whistle-blower will be provided with an update within a period of two (02) months until the investigation is finalised

Internal reporting and escalation process

Internal Reporting Process	Reporting Channel	Turnaround time
Employees and all other stakeholders are expected to report their suspicion as soon as they became aware of any financial crime being committed.	The reporting channels are: • Tip Off's Anonymous" **IDC@TIP-OFFS.COM or call 0800 30 33 36 or SMS 39640.** • forensic@idc.co.za; • Head of Internal Audit,	Acknowledgement within 21 Days of reporting
	Internal Escalation process	
	• General Counsel (GC),	If there is no acknowledgement within 21 days of reporting employees may escalate the incident to the General

		Council who will try to intervene within 14 days.
	• Chief Executive Officer (CEO),	If there is no intervention from the General Council, the employee may escalate to the CEO and thereafter to the Board Audit Committee and Board Chairperson.
External reporting and escalation process		
	• Chairperson of the Board Audit Committee, • Chairperson of the Board. • Minister of Trade, Industry and Competition www.dtic.gov.za or by telephone 012 394 3747.	The external reporting and escalation process is a continuation of the internal escalation process, however, if there is no response from both the Chairperson of the Board Audit Committee and Chairperson of the Board. The incident may be escalated to the Minister of Trade, Industry & Competition.

4.5 POST INVESTIGATION PROCEDURES

The findings and recommendations of the investigation will be discussed with the relevant Divisional Executives, CEO, and General Counsel for their management comments and then submitted to EXCO and BAC. If there are significant disagreements relating to the IAD's findings, the affected party (except for IR and Criminal issues) may be requested to submit a report to EXCO through the respective Divisional Executive for deliberations and the Chairperson of the BAC for resolution.

Any financial crime committed by an employee, or any other person will be pursued through investigation and to the full extent of the law, including (where appropriate) disciplinary action, instituting civil action to recover the loss, criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency, any other appropriate legal remedy available and regulatory bodies.

In instances where investigation had proven that financial crimes had been committed against the IDC; the perpetrators are listed in an internal delinquent register to prohibit them from entering a further business relationship with the IDC.

5 PROTECTED DISCLOSURE

The IDC has recognised that the disclosure of information is the greatest enabler of financial crime risk management. All parties who intend to make a disclosure or those who had already disclosed information in good faith are protected against any occupation detriment in terms of the PDA.

All stakeholder who suspects or report suspected dishonest activity or such activity that he/she witnessed should be afforded the opportunity to remain anonymous should this be he/her wish. To this end, the IDC has availed the "Tip Offs Anonymous" hotline to all stakeholders wishing to make an anonymous report.

6 ROLE PLAYERS

It is the responsibility of everyone in the organisation, service providers and business partners to participate in the detection, prevention, investigation, and resolution of financial crimes.

No	Department	Role
7.1	Board of Directors and BAC	i. Financial crime risk management oversight: ii. approve the financial crime risk management policy and amendment. iii. monitor and implement the financial crime risk management policies. iv. ensure that adequate and effective systems of internal controls are in place to detect and prevent financial crime. v. ensure that the company has appropriate arrangements in place for the balanced and independent investigation of whistleblowing reports and for taking any action necessary because of such reports.
7.2	Executive Authority	• takes an interest in financial crime risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the IDC against significant financial crime risks. • ensure the development of the policy and supervise the effective implementation of the financial crime risk management policy and procedures.
7.3	The Risk Management Department	Provide an independent risk assessment and assist in determining risk capacity, risk appetite allocation policies and structures in managing the risk, its effectiveness, the key financial crime risks, and the responses to address those risks.
7.4	Internal Audit	Provide an independent, objective assurance on the effectiveness of the IDC's system to prevent (financial crime training and awareness) and detect financial crime risk.
7.5	External auditor	Provides an independent opinion on the effectiveness of financial crime risk management. They identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to financial crime or error, design and perform audit procedures responsive to the said risks.

7 CONFIDENTIALITY

All confidential information provided or received shall be used solely for the detection, prevention, investigating, and response to the allegations of financial crimes and shall not be disclosed to any unauthorised third party. The foregoing shall not apply to any information that is publicly available when provided or thereafter becomes publicly or that is required to be disclosed to any Regulatory Authority, any auditor of the parties hereto, or by judicial or administrative process or otherwise by any applicable law.

The IAD is bound by the Code of Ethics which requires an Internal Auditor to amongst others uphold the principle of confidentiality. Thus, on an annual basis, each member of the IAD is required to sign a declaration to the effect that they shall be prudent in the use and protection of information acquired in the course of their duties and shall not use the information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the IDC.

8 NON-ADHERENCE TO POLICY

Disciplinary, civil, criminal action and/or any other applicable action will be instituted or taken against those who fail to comply with this Policy.

9 COMMUNICATION OF THE POLICY

IAD is responsible for ensuring that the policy is approved by the BAC, informing all relevant stakeholders of the approved policy and the publication of the policy on the IDC intranet.

10 MAINTAINING OF THE POLICY

The policy shall be effective from the date it is approved by the BAC and it will be reviewed every three (3) years or as and when necessary.

11 ALIGNMENT OF POLICIES TO OTHER POLICY/IES OR PROCEDURE/S

This policy, to an extent, is aligned and can be read together with the conditions on employment and other applicable policies of which some of them are listed below, frameworks and/ or procedures as published in the IDC's intranet.

No	Department	Policy
12.1	Corporate Secretariat	i. Anti-Money Laundering, Counter-Terrorism Financing and Sanctions Policy. ii. Board of Directors Conflict of Interest Policy. iii. Code of Business Ethics and Conduct. iv. Confidentiality Agreement Policy. v. Conflict of interest policy vi. Corporate Governance Framework for Financing Subsidiaries vii. Corporate Governance Framework for Subsidiaries and Investee Companies. viii. Policy on Delinquent Register for Existing and Potential Clients.
12.2	Risk Management	• Enterprise Risk Management Framework and Policy.
12.3	Human Capital	• Industrial Relations Policy and Work rules. • Recruitment Policy.
12.4	Procurement	• Procurement Policy
12.5	CRM	• Client Complaints Management

ANNEXURE K: TECHNICAL INDICATOR DESCRIPTIONS

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
Development effectiveness	a) Total investment flows facilitated/ unlocked	a) Total investment flows facilitated/ unlocked (R'm) (a1+a2+a3)	Total investment flows unlocked is the sum of IDCs on-balance sheet funding disbursed, off-balance sheet funding disbursed, as well as other funding facilitated. Other funding facilitated include guarantees issued, as well as funding that would have been contributed by other funders of the projects to which the IDC disbursed funding.	Measures the IDC's overall impact on investment in SA and the rest of Africa.	See a1, a2 and a3. Reports are generated from data from IDC's enterprise and financial management systems (SAP).	The sum of a1, a2 and a3	See a1, a2 and a3	The information is cumulative over a year. Quarterly and annual reporting	Operations Reporting in the Office of the COO Financial Management Department Financial Services Partnership Programmes
	a1) IDC own balance sheet funding	a1) Value of on-balance sheet funding disbursed (R'm)	On-balance sheet funding disbursed is funding paid out to clients from IDC's own resources. This includes disbursements on all types of facilities, including grants and project investment facilities but excludes guarantees issued.	Measures the IDC's direct impact on investment through its funding disbursed.	SAP reports ZDRAWS	ZDRAWS report extracted from SAP for the specified company's codes, total amount calculated.	None identified at the start of the financial year	The information is cumulative over a year. Quarterly and annual reporting	Operations Reporting in the Office of the COO Financial Management Department Financial Services Partnership Programmes
	a2) Managed development funds	a2.1) Value of off-balance sheet funding disbursed (R'm)	Off-balance sheet funding disbursed is funding paid out to clients from funds being managed by IDC on behalf of other entities. This includes disbursements on all types of facilities, including grants, but excluding guarantees issued.	Measures the IDC's impact on investment through funds that it manages.	SAP reports ZDRAWS: Company codes relevant to the funds being managed	ZDRAWS report extracted from SAP for the specified companies' codes. Total amount calculated	None	The information is cumulative over a year. Quarterly and annual reporting.	Financial Services Partnership Programmes
		a2.2) Value of off-balance sheet funding disbursed as a % of funds available for approval and disbursement (this FY)	Off-balance sheet funding disbursed is funding paid out to clients from funds being managed by IDC on behalf of other entities. This includes disbursements on all types of facilities, including grants, but excluding guarantees issued.	Measures the actual % of off-balance funds disbursed against funds available for approval and disbursement for current FY	SAP Reports, CSG Team inputs, Partnership Programmes Team	ZDRAWS report extracted from SAP for the specified companies' codes divided by funds available for this FY,		The information is cumulative over a year. Quarterly and annual reporting.	Financial Services Partnership Programmes Client Support & Growth (CSG)

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
						obtained from the CSG Team * 100.			
	a3) Co-funding leveraged/ syndicated/ catalysed	a3) Value of leveraged funding committed by other funders (R'm)	Other disbursements facilitated include guarantees that were issued during the year as well as the amount of funding committed by other financiers in projects. This excludes contributions by other funders where IDC is a participant in syndicated funding or similar "tag-along" situations (except where IDC is a lead arranger, or its funding plays a major part in unlocking the project) *.	Measures the IDC's indirect impact on investment through funding from other sources being mobilised.	SAP report ZPAPPR Amount leveraged = (Total investment facilitated* – IDC funding approved + IDC guarantees approved – Off-balance sheet funding approved). New guarantees issued added as funding leveraged.	Sum of the amount leveraged for funds that were committed in the year.	None identified at the start of the financial year	The information is cumulative over a year. Quarterly and annual reporting.	Operations Reporting in the Office of the COO Financial Management Department Financial Services Partnership Programmes
	a4) BI output growth	a4) Output growth by Black Industrialist clients (%)	This KPI measures the extent to which IDC clients that qualified as BI managed to grow their outputs during the year under reporting.	Measures the healthiness and activity increase of BI businesses.	Data collected directly from the clients.	Sum of the amounts of outputs from the BI clients compared with the previous year, % growth calculated y-o-y.	Clients' responsiveness.	The information is cumulative over a year. Annual reporting.	Clients Support and Growth
	b1) Funds committed and facilitated to support policy priorities: transformation.	b1) Total funds committed and facilitated in support of transformation (R'm) b1.1) Black Industrialists b1.2) Black-owned businesses b1.3) Women-entrepreneurs b1.4) Youth-entrepreneurs	This indicator measures the value of funds committed and facilitated for priority groups of entrepreneurs for all on- and off-balance sheet funding. **Priority groups** are: -Black Industrialists -Black-owned companies (>50% shareholding) -Broad-based ownership (>20% shareholding by workers trusts, trade union owned entities or community trusts) -Women-entrepreneurs (>25% ownership by women and operational involvement in the business) -Youth-entrepreneurs (>25% ownership by youth and operational involvement in the business).	Measures contribution towards empowerment and transformation in SA economy Measures the IDC's overall impact on funding for transformation.	SAP report ZPAPPR	Sum of the total investment facilitated for transactions where CPs have been cleared in the current financial year and with the relevant ownership criteria.	None	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
			Funds facilitated is the total value of funding being mobilised for the project and includes IDC's on-balance sheet funding, funding from funds managed by the IDC (off-balance sheet funding) as well as funding leveraged from other funders (excluding syndication arrangements) **Funding is committed** when a transaction has been approved, legal agreements concluded and any conditions that prevent a client from drawing down on the facility have been met (financial close). Measurement for indicators b1.1, b1.2, b1.3 and b1.4 is similar but focuses on specific priority groups and not the consolidated group.						
	b2) Increase in output for manufacturing companies supported (localisation and beneficiation)	b2) Growth in value of sales for manufacturing companies in IDC's portfolio (%)	The indicator measures the growth in sales (turnover) for companies in IDC's portfolio operating in the manufacturing industry. Companies from the portfolio included in the measurement are those that: - Operate in the manufacturing industry (as defined by the SIC) - Have had funding approved over the last five years. - The funding purpose needed to include some expansionary or modernisation component. Turnover figures for each company for the financial year ending in the relevant IDC financial year (i.e. turnover figures from a company where the financial year ends on 30 June 2023 will be considered as part of the measurement for IDC's 2023/24 financial year) and the previous financial year is used.	Measures the impact that IDC has on manufacturing output	The source of turnover data for IDC clients is the audited financial statements submitted by the clients. The targeted number (growth in overall manufacturing output) is sourced from relevant StatsSA statistical publications (production and sales)	((Sum of total sales for relevant clients in the financial year corresponding to IDC financial year being measured / Sum of total sales for relevant clients in the financial year corresponding to IDC's previous financial year) – 1) x 100	Relies on clients submitting audited financials to IDC timeously. In some cases, audits might not have been concluded in time to be included in IDC's measurement	Cumulative annual figure	Client Support and Growth (CSG)

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
			The sum of the turnover from all relevant companies for the current financial year is compared to the previous financial year and the growth is calculated.						
	b3) Funds committed and facilitated to support policy priorities: Master Plans and IDC Industry Priorities	b3) Total: Industry Master Plans and IDC Industry Priorities (R'm)	Included are projects that support the following sectors: Agricultural economy, Automotive and new energy vehicles/Master Plan: Automotive industry, Steel industry/ Master Plan: Steel & metal fabrication, Energy, Infrastructure, Digital economy, CTFL/Master Plan: R-CTFL, Tourism, Master Plan: Poultry, Master Plan: Sugarcane, Master Plan: Furniture. Any changes in finalised Master Plans during the year to be incorporated. On- and off-balance sheet funding included. **Funds facilitated** is the total value of funding being mobilised for the project and includes IDC's on-balance sheet funding, funding from funds managed by the IDC (off-balance sheet funding) as well as funding leveraged from other funders (excluding syndication arrangements) **Funding is committed** when a transaction has been approved, legal agreements concluded, and any conditions that prevent a client from drawing down on the facility has been met.	This indicator measures the value of funds committed and facilitated for businesses that support IDC priority sectors and Master Plans.	SAP reports ZPAPPR	Sum of the total investment facilitated for transactions where CPs have been cleared in the current financial year and which contributes to the relevant sectors. There is significant overlap between IDC priorities and Master Plans. Transactions aligning to both of these are not double counted	None	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO
	b4) Funds committed and facilitated to support policy priorities: Spatial equity	b4.1) Total funds committed and facilitated to improve spatial equity (investment outside 6 main metro municipalities) (R'm)	Included are projects located in South Africa but outside the following metro municipalities: Cape Town, Ekurhuleni, eThekwini, Johannesburg, Nelson Mandela Metro, and Tshwane **Funds facilitated** is the total value of funding being mobilised for the project and includes IDC's on-balance sheet funding, funding from funds managed by the IDC (off-balance sheet funding)	This indicator measures the IDC's contribution to equitable spatial development	SAP reports ZPAPPR	Sum of the total investment facilitated for transactions where the development location is in South Africa and not in one of the listed	None	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
			as well as funding leveraged from other funders (excluding syndication arrangements). On- and off-balance sheet funding included. **Funding is committed** when a transaction has been approved, legal agreements concluded, and any conditions that prevent a client from drawing down on the facility has been met.			metropolitan municipalities			
		b4.2) Total funds committed and facilitated for businesses in SEZs (including economic infrastructure projects that enable SEZs (e.g. energy supply, logistics, water) (R'm)	Included are projects located in an SEZ or projects that will enable SEZ infrastructure. On- and off-balance sheet funding included. **Funds facilitated** is the total value of funding being mobilised for the project and includes IDC's on-balance sheet funding, funding from funds managed by the IDC (off-balance sheet funding) as well as funding leveraged from other funders (excluding syndication arrangements) **Funding is committed** when a transaction has been approved, legal agreements concluded, and any conditions that prevent a client from drawing down on the facility has been met.	This indicator measures the IDC's contribution to equitable spatial development	SAP reports ZPAPPR, Infrastructure SBU	Sum of the total investment facilitated for transactions where the development location is in a SEZ or where it will contribute to the infrastructure in an SEZ	None	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO, Infrastructure SBU
	b5) Funds committed and facilitated to support policy priorities: SME development	b5) Total funds committed and facilitated for SMEs (R'm)	Included is all funding for SMEs as defined by the Department of Small Business Development. On- and off-balance sheet funding included. **Funds facilitated** is the total value of funding being mobilised for the project and includes IDC's on-balance sheet funding, funding from funds managed by the IDC (off-balance sheet funding) as well as funding leveraged from other funders (excluding syndication arrangements) **Funding is committed** when a transaction has been approved, legal	This indicator measures the IDC's contribution to SME development	SAP reports ZPAPPR	Sum of the total investment facilitated for transactions for SMEs.	None	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
			agreements concluded, and any conditions that prevent a client from drawing down on the facility have been met.						
	b6) Support for policy priorities: worker empowerment	b6) Number of workers that will gain a level of shareholding and/or profit share structures in their companies through direct or indirect structures through approved transactions (Number)	The indicator measures the number of workers that will benefit from direct or indirect shareholding or profit share in transactions that were approved during the year. On- and off-balance sheet funding included.	This indicator measures the IDC's contribution to worker empowerment	SAP reports ZPAPPR, Operations SBUs	Sum of the total number of employees that will benefit from shareholding or profit share in a supported business.	None	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO, Operations SBUs
	b7) Support for energy provision	b7) Generating capacity for electricity generation projects approved, including utility scale and small-scale embedded generation (MW)	The indicator measures the impact on megawatt of electricity to be generated for projects for which IDC approved funding in the financial year. On- and off-balance sheet funding included.	This indicator measures the IDC's contribution to alleviating the energy crisis	SAP reports ZPAPPR, Energy SBU	Sum of the total MW for transactions that will result in new electricity being generated.	None	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO, Energy SBU
	b8) Export development	b8) Marginal increase in exports generat4ed for intra-regional and global trade through funds committed (R'm)	Value of new annual exports expected to be generated. **Funding is committed** when a transaction has been approved, legal agreements concluded and any condition that prevents a client from drawing down on the facility has been met (financial close).	Measures support for the African continental free trade agreement and other trade initiatives	SAP report ZPAPPR	Sum of the total exports expected to be generated for transactions where CPs have been cleared in the current financial year	None	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO
	c) Job creation and preservation	c1) Number of jobs expected to be created and saved from regularly IDC	This indicator measures the number of full-time equivalent jobs[6] that are expected to be created or saved for transactions where funds have been committed. On- and off-balance sheet	Measures the IDC's direct impact on job creation and retention in South Africa.	SAP Reports ZPAPPR	Sum of the total number of jobs for transactions where CPs have been cleared in	None	The information is cumulative over a year.	Operations Reporting in the Office of the COO

[6] In the case of funds such as the Social Employment Fund, IDC will provide reports on the total number of work opportunities being facilitated through the fund, but take into account full-time equivalent jobs when reporting against these KPIs.

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
		committed funds (Number)[4,5]	funds included. In transactions where IDC co-funds with dtic, jobs will be recognised based on IDC's contribution to the transaction. **Funding is committed** when a transaction has been approved, legal agreements concluded and any condition that prevents a client from drawing down on the facility has been met (financial close).			the current financial year.		Quarterly and annually.	
		c1.1) Number of jobs expected to be created from IDC regularly committed funds (Number)	This indicator measures the number of full-time equivalent jobs[7] that are expected to be created or saved for transactions where funds have been committed. On- and off-balance sheet funds included. In transactions where IDC co-funds with dtic, jobs will be recognised based on IDC's contribution to the transaction. **Funding is committed** when a transaction has been approved, legal agreements concluded and any condition that prevents a client from drawing down on the facility has been met (financial close). Only includes new created jobs.	Measures the IDC's direct impact on job creation in South Africa.	SAP Reports ZPAPPR	Sum of the total number of jobs for transactions where CPs have been cleared in the current financial year.	None	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO
		c2) Number of jobs expected to be created/saved from grant-related committed funds (number)	The jobs counted under this category are jobs expected to be created / saved under the grant-related financing. Historically the majority of the jobs in this category are created /saved under the Social Employment Fund (SEF) financing. **Funding is committed** when a transaction has been approved, legal agreements concluded and any condition that prevents a client from	Measures the IDC's direct impact on job creation and retention in South Africa	Operations SBUs inputs	Sum of the total number of jobs for transactions where CPs have been cleared in the current financial year.	The necessity of collection of some data not captured on SAP	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO, Operations SBUs.

[4] Under typical circumstances, IDC would expect 80% of the total number of jobs to be new jobs created.
[5] Management will report on jobs across the following categories: permanent jobs; permanent outsourced; temporary workers; seasonal jobs.
[7] In the case of funds such as the Social Employment Fund, IDC will provide reports on the total number of work opportunities being facilitated through the fund but take into account full-time equivalent jobs when reporting against these KPIs.

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
			drawing down on the facility has been met (financial close).						
		c3) Number of jobs expected to be created excluding construction and other short-term jobs annualised (Number)	This indicator measures the number of full-time equivalent jobs[8] that are expected to be created for transactions where funds have been committed. On- and off-balance sheet funds included. In transactions where IDC co-funds with dtic, jobs will be recognised based on IDC's contribution to the transaction. **Funding is committed** when a transaction has been approved, legal agreements concluded and any condition that prevents a client from drawing down on the facility has been met (financial close). Excludes construction and other short-term jobs.	Measures the IDC's direct impact on core job creation in South Africa.	SAP Reports ZPAPPR	Sum of the total number of jobs for transactions where CPs have been cleared in the current financial year.	None	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO
		c4) Township economy jobs (Number)	This indicator measures the number of full-time equivalent jobs[9] that are expected to be created or saved for transactions where funds have been committed. On- and off-balance sheet funds included. In transactions where IDC co-funds with dtic, jobs will be recognised based on IDC's contribution to the transaction. **Funding is committed** when a transaction has been approved, legal agreements concluded and any condition that prevents a client from drawing down on the facility has been met (financial close). Only includes jobs created in townships.	Measures the IDC's direct impact on job creation in Townships of South Africa.	SAP Reports ZPAPPR, Partnerships programmes.	Sum of the total number of jobs for transactions where CPs have been cleared in the current financial year.	The necessity of collection of some data not captured on SAP	The information is cumulative over a year. Quarterly and annually.	Operations Reporting in the Office of the COO – Partnerships Programmes.
		c5) Expected new jobs to be created / saved	This indicator measures the number of full-time equivalent jobs[10] that are	Measures the IDC's direct impact on job	SAP Reports ZPAPPR	Sum of the total number of jobs	None	The information	Operations Reporting in the Office of the COO

[8] In the case of funds such as the Social Employment Fund, IDC will provide reports on the total number of work opportunities being facilitated through the fund, but take into account full-time equivalent jobs when reporting against these KPIs.

[9] In the case of funds such as the Social Employment Fund, IDC will provide reports on the total number of work opportunities being facilitated through the fund, but take into account full-time equivalent jobs when reporting against these KPIs.

[10] In the case of funds such as the Social Employment Fund, IDC will provide reports on the total number of work opportunities being facilitated through the fund, but take into account full-time equivalent jobs when reporting against these KPIs.

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
		by Black Industrialists (Number)	expected to be created or saved for transactions where funds have been committed. On- and off-balance sheet funds included. In transactions where IDC co-funds with dtic, jobs will be recognised based on IDC's contribution to the transaction. **Funding is committed** when a transaction has been approved, legal agreements concluded and any condition that prevents a client from drawing down on the facility has been met (financial close). Only includes jobs created / saved by BI clients.	creation of BI in South Africa.		for transactions where CPs have been cleared in the current financial year.		is cumulative over a year. Quarterly and annually.	
		c6) Percentage change in the number of people at South African companies in IDC's portfolio (% change y-o-y)	The jobs under this category are the jobs, actually created by the IDC clients	Measures the actual job creation on a y-o-y basis at South African companies in IDC's portfolio	CSG Team collects the data directly from the clients.	CSG Team collects the data directly from the clients and then adds it together to get to the totals at the beginning of the FY and then quarterly for Growth to be calculated	Will depend on the clients' participation (submission of number of people employed)	The information is cumulative over a year, reported. annually.	Operations Reporting in the Office of the COO, Client Support and Growth
	d) Project development & Industry Planning	d1) Investment value of projects that graduated from preparation to the investment phase (R'm)	This indicator measures the total value of a project for projects where feasibility studies have been concluded and fund-raising for the project has commenced.	Measures the extent to which IDC's project development activities results in bankable projects ready for funding.	Industry Planning and Project Development submissions to relevant committees.	Sum of the total project value for all projects that graduated to investment phase during the year.	None	The information is cumulative over a year. Quarterly and annually.	Project Development department
		d2) Number of proactive new business/deals generated	Number of projects being funded either through project development or transactional funding	The indicator measures the proactiveness of the deal makers in deals generation in pursuing their sectoral strategies	The data is collected from the COO office	New measure: to be defined & methodology agreed with auditors during the year	The data is currently not on SAP and has to be collected manually	The information is cumulative over a year. Quarterly and annually.	Office of the COO

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
		d3) Number of projects (in EV's and critical minerals value chain (excluding pure mining extraction and concentration projects), green hydrogen) being funded either through project development or transactional funding.	To be confirmed	The indicator measures the proactiveness of the deal makers in deals generation	To be defined and measurement methodology agreed with the Auditors	To be defined and measurement methodology agreed with the Auditors	The data is currently not on SAP and has to be collected manually	The information is cumulative over a year. Quarterly and annually.	Office of the COO
		d4) Progress against Green Economy Industry Planning implementation milestones.	This indicator measure progress against Green Economy Industry Planning implementation milestones as per approved IDC Industry plans.	To develop enabling ecosystems for industry development within the green economy.	Qualitative assessment by IDC BIC.	Qualitative assessment (1-5)	None	Annually	Industry Planning Unit
Financial sustainability	e) Improve quality of the portfolio through i) managed exits of non-performing assets, ii) appropriate origination of quality dealflow, iii) turnaround actions	e1) Impairment ratio (total book) (%)	This indicator measures the total impairment ratio for the mini-group as reported in the mini-group financials	Measures the extent to which the IDC's efforts to improve the quality of its portfolio, including turning around clients, are successful. Measures the quality of the loan and equity portfolios.	Mini group balance sheet	Impairment ratio as included in the mini-group financial reporting	None	As at a specific reporting date	Financial Management Department
		e2) % non-performing loans (NPLs)	This indicator measures the share of exposures for non-performing loans in the mini-group portfolio as a percentage of the total loan exposure. **Loans** are facilities classified as the following product types: 33A (General loan given), 33L (Export Finance loan given non-subsidised), 33K (Export Finance loan given subsidised), 33B (non-market rate loans given), 33I	Measures the extent to which the IDC's efforts to increase collections is successful and clients repay loan facilities. Also, an indicator for the extent to which efforts to turn around companies in its	SAP reports ZPR	Non-performing loans at a percentage of total loan exposure of the mini group at a specific date.	None	The information is cumulative over a year. Quarterly and annually.	Client Support and Growth, Financial Management Team

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
			(Trade finance loans given), 33D (Suspensive sales loans given), and 33C (Debentures loans given). A loan is **non-performing** if capital repayments are more than three months in arrears.	portfolio is successful (including top-20 NPLs).					
		e2.2) Rand Value of non-performing loans (NPLs)	This indicator measures the actual Rand value of Non-Performing Loans	Measures the extent to which the IDC's efforts to improve the quality of its portfolio, including turning around clients, are successful. Measures the quality of the loan and portfolio.	Financial Management and Risk Management Teams	Rand value of non-performing loans as included in the mini-group financial reporting	The data is currently not on SAP and has to be collected from the Financial Management Team	The information is cumulative over a year. Quarterly and annually.	Financial Management and Risk Management Teams
		e3) Achieve critical milestones in the turnaround plans for Cast Products SA, Foskor, Kalagadi Manganese and significant exposures	Measures specific outcomes achieved in the turnarounds of the key investments. Detail of outcomes/milestones defined in Corporate Plan	Measures the extent to which IDC is successfully implementing turnaround plans	Manual gathering of information from relevant units in CSG division	Assessment of whether outcome has been achieved based on actual achievements and outcomes targeted	None	Progress reported quarterly and annually	Client Support and Growth
		e4) Risk profile of the portfolio (predominantly medium risk portfolio)	Maximise investment growth across IDC's portfolio. This indicator measures the exposures (at cost) for the mini-group portfolio rated as medium and low risk as a percentage of the total portfolio. **Low risk** clients are those rated: -SME/middle market: IRG-1 to IRG-18 -Project Finance; IRG-1 to IRG-19 -Financial Institutions: IRG-1 to IRG-13 **Medium risk** clients are those rated: -SME/middle market: IRG-19 to IRG-20 -Project Finance; IRG-10 to IRG-14 -Financial Institutions: IRG-14 to IRG-18 **High risk** clients are those rated: -SME/middle market: IRG-21 to IRG-24 -Project Finance; IRG-15 to IRG-24 -Financial Institutions: IRG-19 to IRG-24	Measures the success of moving towards a lower risk portfolio	SAP report ZPR, Risk Management Team	Exposure to low and medium risk clients as a percentage of the total exposure at cost of the mini group. Excludes listed companies	None	The information as at reporting dates. Quarterly and annually.	Credit Risk Department

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
	f) Proactively driving and enabling the management of value increase of the IDC's unlisted portfolio	f) % appreciation in carrying value of unlisted investments (excluding listed assets)	This indicator measures the increase in the carrying value of the unlisted portfolio since the start of the financial year. The unlisted portfolio consists of facilities to business partners in which IDC holds ordinary or preference shares where the shares are not listed. It includes all facilities to group business partners linked to these business partners. These include the equity and any other facilities (including loans, shareholder loans, etc). The carrying value of the facility is the exposure at cost minus ECL impairments for loans or the fair value of the facility. The targets are linked to increase in the Consumer Price Index (CPI) since the start of the financial year. To achieve the base target, the increase in the value of the portfolio should at least match this growth. To achieve the stretch target, the value of the portfolio should grow by CPI growth plus 300 basis points.	Measures the extent to which the IDC's efforts to improve the quality of its equity portfolio is resulting in increased value for the Corporation	SAP report ZPR	The percentage increase/decrease in the carrying value of relevant facilities as at the reporting date compared to the start of the financial year. Only companies that formed part of the portfolio at the start and end of the period should be included.	None	The information as at reporting dates. Reported quarterly and annually.	Client Support and Growth
	g) Optimise the balance sheet for long term sustainability	g) Growth in the value of reserves (y-o-y; %)	This indicator measures the growth in total equity for the mini group. The targets are linked to GDP growth and inflation.	An overall measure of the extent to which IDC's activities to manage its portfolio (including listed shares) and profitability is resulting in increased value for the Corporation.	IDC mini group balance sheet	The percentage increase/decrease in total equity as at the reporting date compared to the start of the financial year.	None	The information as at reporting dates. Reported quarterly and annually.	Financial Management Department
Organisational capabilities	h) Build an organisational culture that is characterised by individual excellence, cross-divisional	h) Culture entropy score	Results of culture survey	Measures the extent of employee engagement and by extension employee's commitment to the IDC's goals	Staff survey	Survey methodology	Possible low participation rate	Annually	Human Capital Division

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
	team collaborations								
	i) Achieve efficiencies in terms of end-to-end deal process to meet desired service standards and deliver the right products and solutions to clients	i1) Customer satisfaction index (scale of 1 to 10)	Level of satisfaction of clients as measured independently through a customer satisfaction survey.	Measures the overall satisfaction that clients have with the IDC's service delivery throughout the organisation to facilitate continuous improvement	Customer Survey	Survey methodology	Sampling and analysis limitations, availability of clients identified for the survey	Non-cumulative, once of survey conducted at the end of the financial year.	Office of the COO
		i2) Percentage of applications where the turnaround time from receipt of application to legal agreements having been signed is within the service standard of 64 business days for non-complex transactions and 180 business days for complex transactions (excluding projects and days between ECIC approval and BIC/Board submissions)	Percentage of applications where the turnaround time from receipt of application to legal agreements having been signed is within the service standard of 64 business days (excluding projects and days between ECIC approval and BIC/Board submissions)	Measure the IDC's efficiency in dealing with applications for finance	SAP report ZPAPPR	Number of applications concluded within the targeted number of days as a percentage of the total number of applications concluded.	None	Non-cumulative. Quarterly and annual reporting	Operations divisions Risk division Legal division CSG division
	j) Enhance IDC's reputation and build trust amongst its stakeholders	j) Reputation survey score (scale of 1 to 100)	To provide an assessment of the external environment's view on the efficiency and effectiveness of the IDC. The participants will be aligned to the stakeholder categorisation strategy.	The Stakeholder survey purpose is to identify and articulate expectations of the IDC stakeholders, align, and maintain these expectations as well as opportunity to	Reputation survey	Survey methodology	Sampling and analysis limitations, availability of clients identified for the survey	Non-cumulative, once of survey conducted at the end of the	Corporate Affairs Department

Perspective	Performance area	Performance Indicators	Short definition	Purpose/ importance	Source/ collection of data	Method of calculation	Data limitations	Calculation Type/Reporting cycle	Indicator responsibility
				build and reinforce relationships with the stakeholders such as dtic and investors.				financial year.	

ANNEXURE L: SUMMARY OF DTIC-GROUP QUANTITATIVE OUTPUT TARGETS

Output No.	Output
1	**R350 billion** in investment pledges secured across the state
2	**R60 Billion** in additional local output committed or achieved
3	**R900 Billion** in manufacturing exports
4	**R400 Billion** in manufacturing exports to other African countries
5	**R9 Billion** in exports of Global Business Services (GBS)
6	**R32 Billion** in support programmes administered by or in partnership with **the dtic**-group
7	**R15 Billion** support programmes to enterprises in areas outside the 5* main metros
8	**R8 Billion** in financial support programmes and procurement contracts approved to SMMES, women and youth- empowered businesses
9	**R 8 Billion** in financial support programmes to enterprises in labour absorbing sectors
10	**R 900 Million** in Equity Equivalent Investment Programme agreements
11	**R 200 Billion** in black industrialist output achieved
12	**1 Million** jobs supported or covered by **the dtic** group and/or master plans
13	**100 000** jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)
14	**160 000** jobs in Black Industrialists firms retained
15	**20 000** additional workers with shares in their companies
16	**10** High-impact outcomes on addressing market concentration through the implementation of market inquiry outcomes
17	**1** new SEZs application considered for designation
18	**R 1 Billion** Support to enterprises including SMMEs to mitigate impact of load shedding by IDC and NEF
19	**1500 Megawatts** of energy from projects facilitated
20	**550 Megawatts** of energy available for the grid
21	**5** Projects successfully managed through the Energy One-Stop Shop
22	**2** Expedited regulatory amendments and flexibility, to promote energy efficiency
23	**100** Investor facilitation and unblocking interventions provided
24	Grey-listing: **2** Implementation of remedial actions by CIPC of the Financial Action Task Force (FATF) requirements to meet immediate outcome 5 (IO5) in South Africa's Action Plan
25	**9** Business Forums hosted aimed at supporting increased FDI, exports and outward investment hosted
26	**4** Pieces of priority legislation amended, tabled or submitted to Executive Authority, Cabinet or Parliament
27	**20** Successful Export Interventions to support the implementation of the AFCFTA
28	**10** High impact trade interventions completed
29	**4** Interventions to respond to green trade barriers
30	**1 EV** white paper implementation
31	**1** Green hydrogen commercialisation framework implementation
32	**1000 Case studies** of firms, workers, entrepreneurs, professionals or communities' impacted by **the dtic** measures; including 12 local films/documentaries telling the SA story
33	**Community outreach** programmes by **the dtic** group in **10** districts
34	**8** Master Plans managed
35	Oversight of **dtic** entities to ensure that at least **96%** of planned KPIs are achieved
36	**3** Projects to assist industrial innovation and support firms
37	**2** Conferences, summits, and international forums hosted
38	**50** Mergers and acquisitions where public interest conditions have been incorporated
39	**9** Impact evaluations of **dtic** programme or sub-programmes
40	**5** High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies
41	**5** Finalisation of legal instruments under the AfCFTA (Tariff offers, Schedule of Commitments, Rules of Origin, Protocols and Annexes to protocols)
42	**1** Metal trading system implemented
43	**1** Operationalization of an Adjudication process for incentive applications
44	**6** Impact assessments or enhancements of trade instruments or measures

Output No.	Output
45	**10** Successful actions completed on price monitoring and excessive pricing or price gouging or price restraint